



**REPORT OF THE
FIFTH STATE FINANCE COMMISSION
ODISHA**

2020 - 2025

VOLUME - I

August, 2019

PREFACE

I deem it a privilege and pleasure to be associated with the 5th State Finance Commission constituted by the State Government. As the Commission is formed once in every five years as per the Constitutional provisions, the task before the Commission was all the more difficult to take stock of new developments and policy changes that have taken place and analyse the status of functioning of Local Bodies within a short period. The Commission had to identify gaps in service delivery, make a detailed analysis of the financial resources available in the terms of reference. The Commission during its working had discussions with

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needs and aspirations of the people as well as the critical requirements. The Commission had to make a detailed analysis of the state finance in order to arrive at the divisible pool of resources. The Commission took all possible efforts for the betterment of the state. The Commission had to make a detailed analysis of the financial resources available in the terms of reference. The Commission during its working had discussions with Local Bodies and Government departments and H.O. (D) Department. Field visits were undertaken by the Commission to different districts and I must record the appreciation on behalf of the Commission for the cooperation and assistance extended by the Revenue Divisional Commissioners and District Administrators while providing useful information along with facilitating field visits.

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The Commission had the benefits of academic expertise and administrative experience of my colleagues Prof. Samson Moharana, Prof. Asha Ranjan Mohanty and Shri Sanjay Kumar Mishra as Members who contributed ingenuously to the working of the Commission. Member Secretary, Shri R.N. Mohanty also put in his efforts for coordinating different activities of the Commission.

The continued support provided by Shri Pratap Chandra Dash, Director, Panchayati Raj and Shri Sangramjit Nayak, Director Municipal Administration assisted the working of the Commission by their valuable suggestions and views.

August, 2019

P R E F A C E

I deem it a privilege and pleasure to be associated with the 5th State Finance Commission constituted by the State Government. As the Commission is formed once in every five years as per the Constitutional provisions, the task before the Commission was all the more difficult to take stock of new developments and policy changes that have taken place and analyse the status of functioning of Local Bodies within a short period. The Commission had to identify gaps in service delivery, make a detailed analysis of the financial resources and other aspects stipulated in the terms of reference. The Commission during its working had discussions with elected representatives of PRIs and ULBs in order to have feedback on the needs and aspirations of the people as well as the critical requirements. The Commission had to make an assessment of the State finance in order to arrive at the divisible pool of resources. The Commission took all possible efforts for collection of information on various aspects of functioning of Local Bodies with the assistance from PR & DW Department and H & UD Department. Field visits were undertaken by the Commission to different districts, and I must record the appreciation on behalf of the Commission for the cooperation and assistance extended by the Revenue Divisional Commissioners and the concerned district administration while providing useful information along with facilitating field visits.

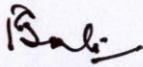
The Commission had the benefits of academic expertise and administrative experience of my colleagues Prof. Samson Moharana, Prof. Asit Ranjan Mohanty and Shri Sanjib Kumar Mishra as Members who contributed immensely to the working of the Commission. Member Secretary, Shri R.N. Mohanty also put in his efforts for coordinating different activities of the Commission.

The continued support provided by Shri Pratap Chandra Dash, Director, Panchayati Raj and Shri Sangramjit Nayak, Director Municipal Administration as ex-officio Members facilitated the working of the Commission by their valuable suggestions and views.

Special mention may be made about the involvement and active participation of Sri Pradeep Kumar Biswal, IAS, Special Secretary, Finance Department, who had the working experience and expertise as Member Secretary of the previous State Finance Commission. His contribution was useful for the Commission at various stages. The Commission acknowledges and appreciates the contribution made by Smt. Ellora Mohanty, Joint Secretary, Finance Department and Shri Tarakanta Bhakta, Under Secretary, who had worked untiringly for the Commission. Shri Chandrakanta Padhi, Desk Officer, Shri Pradipta Kumar Biswal, Section officer, Shri Trinath Barik, Superintendent, Level-II and the team of officials deployed in the Finance Commission Cell also worked hard for completion of the task.

I am thankful to Shri Aditya Prasad Padhi, IAS, Chief Secretary for his support and cooperation. I must mention my sincere thanks to Shri Tuhin Kant Pandey, IAS, former ACS, Finance and Shri A.K.K. Meena, IAS, Principal Secretary, Finance for their unstinted support without which the Commission would not have been able to complete the task successfully. I must also mention my appreciation for the assistance provided by Principal Secretaries/Commissioner-cum-Secretaries and other Government Officers, representatives of Civil Society Organisations who had participated in the meetings taken by the Commission. State Institute of Rural Development and Panchayati Raj deserves special thanks for organising a State Level Consultative Workshop at the behest of the Commission.

The Commission worked diligently to formulate its recommendations taking into account the practical issues and challenges faced by the Local Bodies, and sincerely hopes that this report would be considered favourably by the Government in order to strengthen the finances of Local Bodies and improve the quality of delivery of services.


Dr. Rabinarayan Senapati
Chairman

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CHAPTER-I

Introduction

1.1 In the succession of State Finance Commissions constituted once in every five years following 73rd and 74th Amendments of the Constitution, the Fifth State Finance Commission was constituted by the Governor of Odisha vide Finance Department Notification dated 5th May, 2018 (**Annexure 1.1**) with Chairman, three Members, two ex-officio Members and Member Secretary. The Commission was constituted under Art.243-I and Art.243-Y of the Constitution of India and in pursuance of sections 3 and 8 of the Odisha Finance Commission (Miscellaneous Provisions) Act, 1993 (Odisha Act 28 of 1993). The composition of the Commission was as follows:-

1. Shri Rabi Narayan Senapati, IAS (Retd.) : Chairman
2. Prof. Asit Ranjan Mohanty,
Professor, Centre for Fiscal Policy & Taxation,
Xavier University, Bhubaneswar. : Member
3. Prof. Samson Moharana,
Retd. Professor & Head of Commerce
& Master in Finance Control,
Utkal University : Member
4. Shri Sanjib Kumar Mishra, OAS (Retd.),
Ex-Special Secretary. : Member
5. Director, Panchayati Raj : Ex officio-Member
6. Director, Municipal Administration : Ex Officio-Member
7. Shri D.K. Jena, IAS,
Director, Institutional Finance,
Finance Department. : Member-Secretary

Subsequently, Shri Rabi Narayan Mohanty, OFS (SSG), Special Secretary to Government, Finance Department was appointed as Member-Secretary in place of Shri D.K. Jena, IAS vide Finance Department Notification dated 28th May, 2018 (**Annexure 1.2**). The Commission was appointed initially for a

period of six months from the date of publication of the above Notification in the Odisha Gazette i.e. 5th May, 2018, and subsequently it was extended for another six months vide Finance Department Notification dated 27th October, 2018 (**Annexure 1.3**). Due to holding of General Elections to Lok Sabha and Legislative Assembly in the State, the Commission faced difficulties of getting information from the districts as well as the concerned Departments/ Organisations, apart from not being able to hold discussions with various stakeholders due to their preoccupation with conduct of elections. Considering the difficulties, the tenure of the Commission was further extended by another three months totalling for a period of fifteen months. (**Annexure-1.4**)

Terms of Reference (ToR)

1.2 It has been stipulated in the terms of reference of the Commission that the Commission shall make recommendations relating to the following matters:-

- (i)** The principles that should govern –
 - (a)** the distribution between State and Panchayati Raj Institutions and the Municipalities of the net proceeds of taxes, duties, tolls and fees leviable by the State which may be divided amongst them under Part-XI and Part-IXA of the Constitution and the allocation between the Panchayats at all levels and the Municipalities of their respective shares of such proceeds;
 - (b)** the determination of taxes, duties, tolls and fees which may be assigned to, or appropriated by Grama Panchayats, Panchayat Samitis and Zilla Parishads or, as the case may be, Municipalities; and
 - (c)** the Grants-in-aid to the Grama Panchayats, Panchayat Samitis, Zilla Parishads or, as the case may be, Municipalities from the Consolidated Fund of the State;

- (ii) the measures needed to improve the financial position of the Grama Panchayats, Panchayat Samitis, Zilla Parishads and Municipalities.
- (iii) any other matters, which the Governor may refer to the Commission in the interest of sound finance of Grama Panchayats, Panchayat Samitis, Zilla Parishads and Municipalities.

1.3 It has also been envisaged in the ToR that in making its recommendations, the Commission shall have regard, among other considerations, to :-

(a) the revenue proceeds of the State Government and the demands thereon, on account of expenditure on Civil Administration, Police and Judicial Administration, Education, Maintenance of Capital assets, Social Welfare, Debt Servicing and other committed expenditures and liabilities;

(b) the functions and liabilities of Panchayati Raj Institutions and Municipalities in respect of discharging and implementing the schemes entrusted to them under Art.243G and 243W of the Constitution;

(c) the revenue resources of Panchayati Raj Institutions and Municipalities at all levels of five years, commencing from 1st April, 2020 on the basis of levels of taxation reached in 2016-17, target set for additional resource mobilisation and potential for mobilising additional resources;

(d) the scope for better fiscal management consistent with the need for speed, efficiency and cost effectiveness of delivery of services; and

(e) the need for providing adequate incentive for better resource mobilisation as well as closely linking expenditure and revenue raising decisions.

Status of Previous State Finance Commissions

1.4 It is worthwhile to mention that the State Finance Commissions have been regularly constituted by the State Government as per the provisions

contained in the Constitution of India. So far five State Finance Commissions have been constituted. The status of setting up previous four State Finance Commissions is indicated below:

Sl. No.	SFC	Date of Constitution of SFC	Date of submission of SFC Report	Date of submission of ATR	Award Period
1	SFC-I	21.11.1996	03.12.1998	09.07.1999	1998-99 to 2004-05
2	SFC-II	05.06.2003	29.09.2004	11.08.2006	2005-06 to 2009-10
3	SFC-III	10.09.2008	30.01.2010	17.02.2011	2010-11 to 2014-15
4	SFC-IV	20.10.2013	Sept,2014	16.02.2015	2015-16 to 2019-20

Source: Finance Department

Meetings of the Commission

1.5 The Commission held its first meeting after joining of the Chairman and all the Members on 16th May, 2018 and subsequently, a series of meetings were held by the Commission. In the first meeting of the Commission, its approach and working procedure were discussed and finalised. The working procedures of the Commission as decided in the first meeting of the Commission were as follows:

- (i) The meetings of the Commission would be convened by the Member-Secretary as and when necessary under the order of the Chairman.
- (ii) Along with Member-Secretary, Chairman may direct such other officers who shall be present in the meeting of the Commission.
- (iii) Summary record of discussion of each meeting of the Commission shall be kept in the file.
- (iv) The Commission decided to hold discussions with various organisations, departments of Government, eminent persons, academicians and experts as well as to undertake visits to different districts and discuss with elected representatives as well as officials of Government.

1.6 During the course of working, the Commission informed the public through newspaper advertisement regarding the constitution of the Commission and also invited memorandum from organisations, PanchayatiRaj Institutions, Urban Local Bodies and other individuals incorporating views and suggestions relating to the task assigned to the Commission (**Annexure 1.5**).

Interaction with Officials and field visits :

1.7 The Commission first had a meeting with the officials of Panchayati Raj and Drinking Water Department as well as Housing and Urban Development Department on 25th and 26th May, 2018 respectively in order to know the existing position with regard to working of the Local Bodies and the programmes being implemented by the respective Departments. The Commission had very useful interactions with Principal Secretaries and other officials of Revenue & Disaster Management Department, School & Mass Education Department, Women & Child Development and Mission Shakti Department, ST & SC Development, Minorities & Backward classes Welfare Department, Agriculture & Farmers' Empowerment Department, Social Security & Empowerment of Persons with Disabilities Department, Commissioner-cum-Secretaries and the representatives of Fisheries and Animal Resources Development Department, Handlooms, Textiles & Handicrafts Department, Food Supplies and Consumer Welfare Department, Rural Development Department, Director of Local Fund Audit; Member Secretary, OSAM Board; Director, Agriculture; Director, National Health Mission; Managing Director, Odisha State Civil Supply Corporation; Mission Director, Drinking Water; Engineer-in-Chief, Public Health Engineering Organisation; Managing Director, OSDMA; Director, SUDA; Commissioner of Commercial Taxes & GST; CEO, OREDA; Member Secretary, OWSSB and others. The Commission had separate discussion with Principal Secretary, PR&DW Department as well as H&UD department relating to the requirement of funds and other issues of the Local Bodies. The Commission also interacted

with Principal Secretary, Finance Department on the position of State finance and related issues of Local Bodies.

1.8 In addition to the discussions held with different organisations and the departments of the Government, the Chairman and Members individually and jointly visited the Districts, Urban Local bodies and Panchayati Raj Institutions which include Angul, Keonjhar, Nayagarh, Bhadrak, Balasore, Ganjam, Jajpur, Jharsuguda, Khurda, Puri, Cuttack, Paradeep, Konark, Boudh, Sundargarh and discussed with the officials and elected representatives.

The Commission also had separate discussions with Commissioner, Bhubaneswar Municipal Corporation and Commissioner, Cuttack Municipal Corporation along with other officials of the Corporations. The meetings and tour programmes of the Commission are placed at **Annexure-1.6**.

Memoranda from State Government Departments

1.9 Panchayati Raj and Drinking Water as well as Housing and Urban Development Departments submitted their memoranda incorporating the requirement of funds as well as suggestions for smooth functioning of Panchayati Raj Institutions and Urban Local Bodies. These memoranda have been duly considered by the Commission. Besides, the Commission sought information on various aspects/services dealt by these Local Bodies from the administrative Departments. The information as required by the Commission has been furnished both by PR & DW and H & UD Departments. Such information could facilitate the assessment of revenue and expenditure of the Local Bodies. Other departments of Government like Health & Family Welfare, ST & SC Development, Minorities and Backward Classes Welfare, School & Mass Education, Food Supplies & Consumer Welfare, Agriculture & Farmers' Empowerment, Social Security & Empowerment of Persons with Disabilities, Rural Development, Handlooms, Textiles & Handicrafts and Mission Director, Drinking Water facilitated the working of the Commission by way of discussions as well as submission of information. The status of decentralisation and devolution of funds in favour of Local Bodies was

discussed during interaction with the representatives of various departments of Government.

Conferences/Workshop/Study Reports

1.10 It was felt necessary by the Commission that meeting with the elected representatives and officials of Urban Local Bodies (ULBs) should be organised at the level of Revenue Divisions as it might not be possible to cover each and every urban local body and discuss with them separately. The first meeting with the elected representatives and officials of ULBs within the jurisdiction of Southern Division was held at Berhampur under the Chairmanship of RDC on 31.07.2018 and 01.08.2018. The second such meeting was held at Bhubaneswar in respect of Central Division on 19.12.2018 at SUDA, Bhubaneswar under the Chairmanship of RDC and the last meeting of officials of the ULBs was held at Angul under the Chairmanship of RDC on 22.01.2019. Besides, the Commission had also earlier participated in a meeting of all the District Panchayat Officers held at State Institute of Rural Development & Panchayati Raj (SIRD & PR), Bhubaneswar on 12.07.2018 and discussed various issues relating to working of PRIs. This meeting was organised by Panchayati Raj and D.W. Department.

1.11 SIRD & PR was entrusted to undertake a study on “Utilisation of funds on recommendation of 4th SFC and 14th FC received by three tier Panchayati Raj Institutions”. Similarly, All India Institute of Local Self Government (AIILSG), Mumbai was also entrusted with a study on “Revenue enhancement study for Urban Local Bodies”. Both these institutions submitted their reports to the Commission, which have been quite useful for the Commission to develop a deep insight into the relevant aspects studied by the two organisations. A State Level Consultative Workshop was organised on 16.01.2019 by SIRD & PR under the direction of the Commission. The workshop was attended by eminent academicians, distinguished administrators and representatives of Civil Society Organisations. Among others the workshop was attended by Shri Asit Kumar Tripathy, IAS,

Development Commissioner-cum-Addl. Chief Secretary, Odisha; Sri Gagan Kumar Dhal, IAS, Agriculture Production Commissioner, Odisha, Shri S.N. Tripathy, IAS, Secretary, Ministry of Parliamentary Affairs, Government of India who had rich experience in the working of Panchayati Raj Institutions and Shri P.K. Mohanty, IAS (Retd.), former Chief Secretary, Andhra Pradesh, currently working as Chairman, National Institute of Urban Affairs, Hyderabad. The theme of the Workshop was “**Approaches to Local Body Finance and Role of State Finance Commission.**” The deliberations of the Workshop were useful in formulating various recommendations of the Commission.

Information from Local Bodies

1.12 Particular care was taken by the Commission in inviting views and suggestions from various PRIs and ULBs. In this connection, a letter was issued by Member Secretary to all the Presidents, Zilla Parishads, Chairpersons of Panchayat Samitis and Sarpanchs of all the Gram Panchayats. Further, the Commission prescribed some formats seeking information about the finance and functions of Urban and Rural Local Bodies. PR & DW Department and H & UD Department could collect relevant information on tax and non-tax revenues along with expenditure made by the Local Bodies. The Commission also sought forecast of receipts and expenditure from all these Local Bodies during the period commencing from 01.04.2020 till 31.03.2025. Information received from the Departments and the Local Bodies have been duly analysed by the Commission.

Meeting with Hon’ble Minister and the Public Representatives :

1.13 The Commission had the privilege of meeting the then Hon’ble Minister, Finance Shri Sashi Bhusan Behera on 13.02.2019 who could spare his valuable time and highlighted some important suggestions and advice on strengthening of Local Bodies by way of fulfilling infrastructural and other needs. Again the Commission took the opportunity to interact with the Hon’ble Minister, Finance Sri Niranjana Pujari on 18.06.2019. In response to the

Commission's request for views and suggestions from Hon'ble Members of Parliament and Legislative Assembly of the State, Shri N.K. Das, the then Hon'ble MLA and presently Hon'ble Minister, Health & Family Welfare had sent his written suggestions and views which were useful for the Commission. The Commission invited three best performing Sarpanchs, one from each of the Revenue Divisions for interaction on various issues connected with the functioning of Gram Panchayats. Accordingly, Sarpanch of Mukundapur Patna G.P. of Keonjhar district, Smt. Annapurna Dehury, Sarpanch of Kutinga G.P. of Koraput district, Smt. Nirupama Wadeka and Sarpanch of Kayalapada G.P. of Cuttack district, Sri Rasmi Ranjan Pradhan attended the interactive session on 30.05.2019 at SIRD& PR. Various issues viz. raising of own resources, innovative practices and delivery of public services were discussed among other things. The inputs provided by these public representatives at the grassroots level were helpful for the Commission. The Commission also had the opportunity to discuss various issues with the team of the World Bank which visited the State on 29.05.2019. The discussion provided some insights into various challenges that are confronted by the Local Bodies in the State.

Design of the Report

1.14 The report of the Commission has been designed in the pattern of the templates recommended by the 13th Finance Commission in their report with some modifications as deemed proper. The report has been prepared in two volumes. Volume-I of the report contains the discussions, analyses and recommendations of the Commission, both financial and non-financial, while volume-II incorporates important correspondences, details of meetings/visits etc.

CHAPTER-II

Issues and Approach

2.1 The ToR outlines specific areas and directions in which the Commission has to make its recommendations. An important direction for the Commission is to lay down the principles of allocation of resources for the Local Bodies in order to enable them to discharge their duties as enshrined in the Constitution under Articles 243 G and 243 W towards provision of basic services to the citizens and formulation as well as implementation of schemes for economic development and social justice. Hence, within the ambit of its responsibilities, the Commission is required to assess the divisible pool of resources out of the net proceeds of the taxes collected by the State; recommend the distribution of the same between the State and Local Bodies; suggest horizontal distribution between ULBs and PRIs as well as vertical distribution among different tiers of Local Bodies.

2.2 The Commission is also required to recommend the assignment of taxes and duties as well as Grants-in-aid to Local Bodies. It is also obligatory for the Commission to recommend to Central Finance Commission for devolution of funds to the State in order to supplement the resources of the Local Bodies.

2.3 Another direction in which the Commission has to dwell upon is to review the implementation of the recommendations made by the previous State Finance Commission. The Commission is entrusted with the task to assess the existing revenue base of the Local Bodies in the State. The Commission is also required to suggest measures for higher revenue generation and efficient fiscal management of the Local Bodies so as to ensure improved standards of delivery of services to the citizens. Besides, the Commission has the mandate to take into account the expenditure needs of the State Government on civil administration, police and judicial administration, education, maintenance of capital assets, social welfare and other committed expenditures and liabilities.

Thus, the task of the Commission involves a detailed study and analysis of the State's financial position.

2.4 The Fourth State Finance Commission recommended a substantial flow of funds for the Local Bodies in the State which was accepted by the Government. Further, the amount of funds recommended by the 14th Finance Commission and released to the Local Bodies augmented the availability of funds with them. The allocation of untied resources to the Local Bodies, such as Gram Panchayats (GPs), Panchayat Samitis (PSs), Zilla Parishads (ZPs) and Urban Local Bodies (ULBs) brought in visible improvement in their fiscal position. But it is a matter of concern that the implementation of various projects and schemes has been found to be slow due to constraints like lack of adequate manpower, inadequate capacity in advance planning and budgeting. It has been observed that there is no proper convergence of various schemes at grassroots level. In the meanwhile, the State Government have reorganised Gram Panchayats and created 595 new Gram Panchayats during 2016-17. A few more Urban Local Bodies have also come into existence. Migration of rural population to urban centres in search of better livelihood opportunities, educational and health facilities have contributed to surge in urban population and consequently, the demand on civic services has grown multiple times in urban centres. Meanwhile, two new Municipal Corporations such as Rourkela and Sambalpur have been constituted taking the number of Municipal Corporations to five. Bhubaneswar was enlisted as the No.1 among the Smart Cities in the Country. Subsequently, Rourkela was also enlisted as a Smart City. There has been rising aspiration level of the people after Smart City Projects came into operation. It is quite reasonable on the part of the people to expect Smart Roads, 24 x7 Power and Water Supply, Internet Connectivity and such other quality services from the ULBs. On the other hand, there has been no significant improvement in resource augmentation by the Local Bodies matching with rising aspirations. The Local Bodies are increasingly becoming dependent on Government grants for providing basic services to the people.

Both the Fourth State Finance Commission and Fourteenth Finance Commission had recommended incentive grants for better performance in revenue generation by the Local Bodies. However, there has been no significant improvement in their performances. In the aftermath of implementation of Goods & Services Tax (GST) in the country with effect from 01.07.2017, the tax base of the states has been exposed to various uncertainties. The states have lost their inherent power and the elasticity of raising revenue. While Entry Tax has been subsumed under GST, the Local Bodies are to be compensated appropriately, as they were getting compensation due to introduction of Entry Tax in lieu of Octroi. Needless to say, the Local Bodies do not have sufficient income of their own and they have to rely heavily on the assignment of taxes and devolution of funds flowing from the State and Central Governments. As such, it requires a careful study of the changing economic and fiscal situation.

2.5 The Commission has to grapple with the problems in assessment of revenues of the Local Bodies due to non-availability of reliable data. Similarly, lack of authentic data poses a major constraint in mapping the gaps in service delivery as well as capacity of the Local Bodies to augment resources at their level. The un-planned and haphazard growth of big urban centres in the State creates problems for the Municipal authorities in providing an assured level of basic services. There has been escalation of cost not only in providing basic services but also in sustaining operation and maintenance.

2.6 There is also a growing demand for enhancement in honorarium and sitting fee for the elected representatives. There is increasing liability on account of implementation of 7th Pay Commission award for Municipal employees.

2.7 In course of visits to different districts of the State and during discussion with officials and elected representatives, the Commission came across acute deficit in supply of drinking water as well as the problems of iron content, salinities etc. in some localities of the State. This needs to be addressed on priority. It has come to the notice of the Commission that some remote

villages/hamlets mostly in tribal pockets still remain un-connected and are deprived of the minimum basic facilities. The gap in health and education infrastructure in rural areas deserves special attention. Similarly, drainage and solid waste management, particularly in urban areas, need to be strengthened significantly. The Commission has to take up these issues as thrust areas by providing earmarked funds for targeted intervention.

2.8 While focusing on the above issues and addressing critical needs, the Commission has to take a pragmatic approach by way of consultations with various stake holders such as elected representatives, executive officers of local bodies, line departmental officers and others connected with affairs of the Local Bodies.

2.9 For assessing the net proceeds of the taxes and determining the divisible pool of the State, the buoyancy in the Own Tax Revenue and the impact of GST have been taken into consideration by the Commission. The Commission made a realistic assessment of the tax potential of the Local Bodies considering relevant aspects. The requirement of the Local Bodies for providing basic services was assessed on the basis of the available bench marks for different services and a gap analysis was made to determine the future demand on normative basis. On the face of increasing demands for basic services to be provided to the people, the Local Bodies have severe shortfall in resources depending largely on grants from the Government. Considering the quantum of resources required to meet the challenges, the divisible pool of available resources from the State would not be adequate and therefore, it requires augmentation by the Central Government basing on the recommendations of Central Finance Commission. The Commission, therefore, adopts the approach of recommending specific amounts for devolution, assignment and Grants-in-aid from the consolidated fund of the State and the balance requirement to be met by the Union Government on the basis of recommendation of Central Finance Commission.

Principles for Resource Allocation :

2.10 The Fourth State Finance Commission had adopted some criteria for devolution of funds and inter-se allocation amongst the Local Bodies at various levels. The Commission has taken into consideration the principles adopted by the Fourth SFC. However, after Entry Tax got subsumed under GST, the Commission reviewed the recent developments and took a conscious view to compensate the Local Bodies in proportion to the loss on this account. In respect of assignment of taxes, the Commission took into account liabilities in respect of salary, establishment cost, revision of pay scales and other contingencies and tried to appropriately address these issues. In respect of Grants-in-aid some specific problems and sectoral needs have been identified to be funded from the State's Consolidated Fund.

2.11 The 14th Finance Commission recommended devolution of funds only for Gram Panchyats and left it to the State Government to provide funds for Panchayat Samitis and Zilla Parishads. Since the 4th State Finance Commission had submitted their report earlier than the report submitted by the Central Finance Commission, there was little scope for the State Finance Commission to provide additional resources in favour of PSs and ZPs. The Commission reviewed the flow of funds to three tiers of PRIs and considered the needs for suitable enhancement at the appropriate level.

2.12 Odisha has a special characteristic of having large concentration of Scheduled Tribe population. The Blocks in the tribal areas come under Panchayat Extension to Scheduled Areas (PESA) Act. These areas are mostly located in remote parts of the State dominated by dense forest and hilly terrain. Considering the cost disadvantages in execution of projects in TSP areas, the 4th State Finance Commission had recommended 20% additional funds towards devolution to GPs in tribal areas. This Commission holds the view that the PRIs in TSP areas need a special dispensation.

2.13 It has been brought to the notice of the Commission that the State Government has recently entrusted the GPs and ULBs to maintain the Primary School Buildings within their jurisdiction. This is an additional responsibility enjoined upon the PRIs and ULBs to discharge for which huge funds are required. The Commission has taken into account such needs while making the recommendations.

Thrust Areas:

2.14 There has been adequate provisions in the Constitution to empower the Rural as well as the Urban Local Bodies for discharging their duties as envisaged in the Eleventh and Twelfth Schedules. In order to enable these institutions to function as effective units of Local Self Government, it is necessary to provide them adequate financial, administrative and technical support. Besides, accounting and auditing system also needs to be strengthened so as to monitor the implementation of various schemes and projects by these Local Bodies. There is further need to incentivise the PRIs and ULBs on the basis of their performance in augmenting Own Source of Revenue (OSR) and providing basic services. Some Local Bodies are implementing innovative practices out of their own funds. No separate funds have been earmarked for supporting innovative practices. The Commission feels that there should be some funds allocated for new initiatives and innovative practices in order to encourage these Local Bodies for better performance. Thrust areas in respect of Local Bodies can be summarised as follows:

Thrust areas for PRIs :

1. Primary Education
2. Drinking Water
3. Rural Connectivity
4. Strengthening of GP Hqrs. (facilities like waiting shed, safe drinking water, toilet, space for banking facilities)
5. Strengthening of human resources

6. Development of Markets (Market yards/Haats)
7. Preservation and development of water bodies
8. Augmentation of Own Sources of Revenue (OSR)

Thrust areas for ULBs :

1. Water Supply
2. Sanitation /Sewerage
3. Storm water drainage
4. Solid waste disposal
5. Augmentation of Own Sources of Revenue (OSR)
6. Preservation of water bodies
7. Electric crematorium
8. Water testing laboratory

Non-financial Recommendations:

2.15 So far the non-financial recommendations are concerned, the Commission reviewed the implementation of various recommendations of the previous Finance Commission. It has been noticed that although financial recommendations have been implemented in letter and spirit, some of the non-financial recommendations are still under consideration of the Government at different levels. The Commission is of the view that the non-financial recommendations are quite important for empowering the Local Bodies and strengthening their capacity and efficiency in service delivery. Effective planning, accounting, auditing system as well as availability of adequate infrastructure and human resources could play a vital role in the Local Body governance. Therefore, the Commission considered it prudent to make some specific recommendations in this regard.

2.16 To sum up the foregoing discussion, the Commission is of the view that there are some critical issues which appear and reappear persistently before successive Finance Commissions both at the Central and State levels. The focus of the previous State Finance Commission has been to strengthen the resource base of Local Bodies and to suggest measures for improvement of

service delivery. Such issues which crop up every time before the Commission need special consideration. Given the constitutional mandate to recommend devolution of funds, assignment of taxes and Grants-in-aid in favour of Local Bodies, keeping in view the structural changes occurring over the years in the realm of centre-state financial relations, the Commission has to formulate its recommendations. The fiscal scenario is subject to variation over time and there are changes occurring depending on the market forces, the pace of development and relative balance between the Centre and the State concerning the fiscal space available to the State under the federal set up. For instance, the Fourteenth Finance Commission recommended increase of the share of the states out of central taxes from 32 per cent to 42 per cent, which yielded additional fiscal space to the states. But at the same time changes in the schematic pattern of central and centrally sponsored schemes affected the financial position of the State. It is, therefore, necessary to take stock of the developments which are worth noting after the last State Finance Commission submitted its report.

2.17 Basic challenges which remain unresolved or partially resolved and continue to be a part of unfinished agenda are:

- (i)** Widening gap between the increasing expectations of the people and actual realisation
- (ii)** Greater accountability and transparency in all financial transactions
- (iii)** Time-bound monitoring and implementation of the schemes and projects
- (iv)** Partnership between the people and the Local Self Government
- (v)** Inadequate infrastructure and human resources to deliver quality basic services
- (vi)** Increasing pressure on the State Government's resources on account of various welfare schemes and increase in salary and emoluments
- (vii)** Deprivation of various facilities in tribal areas

2.18 The Commission has formulated its approach towards basic issues enlisted above in the following manner :-

- (i)** To analyse the fiscal situation of the State in recent years
- (ii)** To analyse the resource position of Local Bodies
- (iii)** To review the status of decentralisation and devolution of funds, functions and functionaries
- (iv)** To strengthen the human resources of the Local Bodies
- (v)** To make assessment of sector specific needs of Local Bodies
- (vi)** To study the status of e-governance, capacity building and innovative initiatives
- (vii)** Special dispensation for tribal areas
- (viii)** To suggest measures for augmentation of OSR

CHAPTER-III

Status of Implementation of the Recommendations of Previous State Finance Commission

3.1 The Commission is required to review the implementation of the recommendations of the previous State Finance Commission as per the ToR. The Fourth SFC had made recommendations regarding the transfer of resources from the Consolidated Fund of the State in favour of the Local Bodies. In addition, the Commission had also made a number of non-financial recommendations aimed at strengthening the resource base of the Local Bodies to enable them to evolve into responsible units of local self-governance. The recommendations and the actions taken on the recommendations by the State Government are summarised below in two major segments i.e. financial recommendations relating to fund transfer and non-financial recommendations relating to institutional and structural strengthening, resource generation and the legal hurdles thereof and general issues.

3.2 Review of Financial Recommendations

The 4th SFC recommended transfer of funds to the Local Bodies (PRIs & ULBs) under three major heads i.e. Devolution, Assignment of Taxes and Grants-in-aid. The major financial recommendations made against the three broad heads have been briefly outlined below :

3.2.1 Review of utilisation of funds under devolution

The Commission recommended that funds within 3% of the net tax revenue of the State during the period 2015-20 is to be devolved to the Local Bodies and distributed between PRIs and ULBs in the ratio of 75:25 respectively. While computing the net tax revenue, it recommended exclusion of Entry Tax, Entertainment Tax and Motor Vehicle Tax from the shareable pool on the ground that the Local Bodies are entitled to a compensation in lieu of Octroi, Entertainment Tax to be assigned to the Local Bodies for levy and collection by them and a share of MV Tax proceeds to be assigned to the Local

Bodies for maintenance and upkeep of the roads. **Table 3.1** indicates the devolution of funds to the Local Bodies.

Table 3.1
Devolution of Funds to the Local Bodies as Recommended by
4th State Finance Commission (2015-2020)

(Rs. in Crore)

	2015-16	2016-17	2017-18	2018-19	2019-20	2015-20
PRI's	493.77	493.77	493.77	493.77	493.77	2468.85
ULBs	164.60	164.60	164.60	164.60	164.60	823.00
TOTAL	658.37	658.37	658.37	658.37	658.37	3291.85

Source : Report of 4th SFC

3.2.2 Utilisation of funds under Devolution

The State Government accepted all the recommendations of the 4thSFC with regard to the fund transfer under devolution to the PRI's and ULBs. The devolution of fund is an untied transfer. However, the State Government directed that 30% of the devolution funds would be earmarked for maintenance of drinking water in the GPs vide Panchayati Raj Department Letter No.6863 dt.22.04.2016. Table 3.2 indicates the actual transfer of funds to Local Bodies under devolution.

Table-3.2
Actual Transfer of Funds to Local Bodies under Devolution

(Rs. in Crore)

Local Bodies	2015-16	2016-17	2017-18
PRI's	493.77	493.77	493.77
ULBs	164.45	164.25	164.26
Total	658.22	658.02	658.03

Source : Budget documents, Finance Department.

During the three year period from 2015-16 to 2017-18, an amount of Rs.1974.27 crore has been transferred on account of devolution to the PRI's and the ULBs against the recommended amount of Rs.1975.11 crore.

3.2.2 Utilisation of funds under Assignment of Taxes

- i. The Commission recommended assignment of taxes to the PRIs and ULBs to meet the administrative and various establishment expenses including salary, allowances, sitting fees and honorarium of members, pension and arrear liabilities etc. out of the share of Entry tax. Similarly, a portion of the Motor Vehicle tax was also recommended to the PRIs and the ULBs for the maintenance and improvement of the road facilities within their jurisdiction.
- ii. During the five year period from 2015-16 to 2019-20, a sum of Rs.6530.50 crore was recommended as assignment of taxes to the PRIs and ULBs, out of which, Rs.3001.70 crore was assigned for PRIs and Rs.3528.80 crore was assigned for ULBs. Table 3.3 indicates the position of assignment of taxes recommended by the 4th SFC.

Table 3.3

**Assignment of Taxes to the PRIs and ULBs
as Recommended of 4th SFC**

(Rs. in Crore)

	2015-16	2016-17	2017-18	2018-19	2019-20	2015-20
PRIs	438.31	539.60	620.16	672.84	730.79	3001.70
Entry Tax	378.31	473.60	547.56	592.98	642.94	2635.39
MV Tax	60.00	66.00	72.60	79.86	87.85	366.31
ULBs	540.00	644.00	708.40	779.24	857.16	3528.80
Entry Tax	500.00	600.00	660.00	726.00	798.60	3284.60
MV Tax	40.00	44.00	48.40	53.24	58.56	244.20
TOTAL	978.31	1183.60	1328.56	1452.08	1587.95	6530.50

Source- Report of 4th SFC

3.2.4. Actual fund transfer under Assignment of Taxes

The actual amount of fund transfer made by the State Government on the Assignment of taxes is presented in **Table-3.4**.

Table-3.4
Actual Transfer of Funds to Local Bodies under Assignment

(Rs. in Crore)

Local Bodies	2015-16	2016-17	2017-18
PRIs	440.96	496.47	560.12
Entry Tax	380.96	430.50	487.52
MV Tax	60.00	66.00	72.60
ULBs	640.22	702.24	772.25
Entry Tax	600.36	658.24	723.95
MV Tax	39.86	44.00	48.30
Total	1081.18	1198.71	1332.37

Source : Budget documents, Finance Department.

In the Action Taken Report of the Government, it was stated that the allocation for assignment from Entry Tax for PRIs in 2016-17 and subsequent years were modified and aligned with the rate of growth of assignment to ULBs. The assignment from Entry Tax for ULBs in 2015-16 was modified by shifting the base year from 2015-16 to 2014-15. During the three year period from 2015-16 to 2017-18, a sum of Rs.3612.26 crore has been transferred to the PRIs and ULBs against the recommended amount of Rs.3490.47 crore.

3.2.5 Utilisation of funds under Grants-in-aid

The 4th SFC made a detailed estimation of the investment requirements of different infrastructure and other priority services. In order to improve the basic services and for creation of additional infrastructure by the local bodies, the Commission identified certain crucial areas for funding as Grants-in-aid from the Consolidated Fund of the State. The sector wise recommendations of grants for rural and urban bodies under different heads for the five year period are indicated in **Table 3.5**.

Table 3.5
Grants-in-aid to Local Bodies as Recommended by the 4th SFC (2015-20)

(Rs. in Crore)

Heads of Expenditure	PRIs	ULBs
1. Water Supply	590.82	375.00
2. Street Lighting	259.38	92.00
3. Construction of Staff Quarters	355.32	--
4. Maintenance of Capital Assets	330.94	45.75
5. Creation of Capital Assets for Revenue Generation	622.70	84.00
6. Urban Sanitation	--	52.46
7. Incentive	75.36	34.00
Total	2234.52	683.21

Source - Report of 4th SFC

- i.** A total sum of Rs.2917.73 crore had been recommended as Grants-in-aid for the PRIs and ULBs. Out of it, a sum of Rs.2234.52 crore was recommended in favour of the PRIs and the balance Rs.683.21 for the ULBs.
- ii.** Eight mega piped water supply projects recommended by the Commission for the PRIs are under implementation by the Government excepting the one project in Nuapara district which has been taken up under assistance from NABARD as reported by PR & DW Department. Some projects are going to be completed shortly and the remaining projects are expected to be completed within the award period of the Commission. The Commission for the first time recommended grant of funds for introduction water metering system in the urban areas of the State so that there will be recovery of the costs of water supplied to the consumers on the basis of water metering. The Commission recommended a sum of Rs.375 crore for a five year period to the ULBs for implementation of the project for specified categories of consumers.

- iii.** The Commission recommended grants for installation of 10 sodium vapour lamps (street lights) per village per Gram Panchayat every year.
- iv.** Grant for construction of staff quarters was recommended for GPs and PSs.
- v.** The Commission recommended Grants-in-aid of Rs.330.94 crore to all GPs for the maintenance of capital assets during the award period. For the ULBs, the Commission recommended Rs.25 lakhs per NAC, Rs.50 lakhs per Municipality and Rs.2.50 crore per Municipal Corporation per annum.
- vi.** An amount of Rs.10 lakhs per GP during the award period was recommended by the Commission for creation of income generating assets. The Commission recommended that the Department may release the grant to identified panchayats every year so that all the gram panchayats are covered in five years. In order to increase the OSR of ULBs, the Commission recommended that each of the NACs, Municipalities and Municipal Corporations would receive Rs.10 lakhs, Rs.20 lakhs and Rs.50 lakhs respectively.
- vii.** The previous Commission recommended grant of Rs.52.46 crore for construction of 239 integrated toilets and bathing complexes with facilities like septic tank, soak pit, electric, PH fitting, bore well, urinal, boundary etc. in different urban areas of the State.
- viii.** The Commission recommended an incentive structure to incentivise the Local Bodies to augment their OSR. The Commission stipulated that in order to be eligible for the incentive, the GPs/ULBs should have revenue generation at least 20% more than the previous year's collection. The revenue receipts captured in the annual audit report should be taken into account.
- ix.** The Commission recommended a financial incentive of Rs.3 lakhs per panchayat to two best GPs in each Panchayat Samiti. For ULBs, the Commission recommended Rs.2 crore each year for the best

performing Municipal Corporation, Rs.1 crore each year for four best performing Municipalities and Rs.50 lakhs each year for the five best performing NACs.

3.2.6 Utilisation of funds under Grants-in-aid

After accepting the recommendations made by the Commission, the Government transferred the funds under Grants-in-aid as recommended. **Tables 3.6 and 3.7** indicate actual fund transfer under Grants-in-aid for PRIs and ULBs respectively.

Table-3.6
Actual Fund Transfer to PRIs under Grants-in-aid

(Rs. in Crore)

Sl. No.	Head	2015-16	2016-17	2017-18
1	Water Supply	50.00	75.00	125.00
2	Street Lighting	25.63	38.75	51.87
3	Construction of Staff Quarters	58.21	64.01	70.43
4	Maintenance of Capital Assets	54.21	59.63	65.58
5	Creation of Capital Assets	102.00	112.20	123.40
Total		290.05	349.59	436.31

Source : Budget documents, Finance Department.

Table-3.7
Actual Fund Transfer to ULBs under Grants-in-aid

(Rs. in Crore)

Sl. No.	Head	2015-16	2016-17	2017-18
1	Water Supply	10.00	20.00	115.00
2	Street Lighting	15.07	16.58	18.25
3	Maintenance of Capital Assets	9.06	9.06	9.13
4	Creation of Capital Assets	16.80	16.80	16.75
5	Urban Sanitation	8.59	9.45	10.40
Total		59.52	71.89	169.53

Source : Budget documents, Finance Department.

With regard to the recommendation for the grant of incentives, the entire amount for the two years i.e. 2016-17 and 2017-18 has been transferred to PR & DW Department and H & UD Department for disbursement among the eligible institutions as per the recommendation in **(Table 3.8)**.

Table-3.8
Actual Transfer of Fund to Local Bodies under Incentive

(Rs. In Crore)

Local Bodies	2015-16	2016-17	2017-18
PRI	-	18.84	18.84
ULB	-	8.50	8.50
Total	-	27.34	27.34

Source : Budget documents, Finance Department.

- i.** In addition to the condition of 20% increase in revenue over the previous year, the PR & DW department added three priority areas for the utilisation of the incentives in the GPs, namely progress of drinking water projects, completion of income generating assets of GPs and construction of sanitary complexes in public places.
- ii.** The grant for end use of water metering provided to the ULBs could not be spent by H & UD department and alternatively the amount was diverted to be spent under new Urban Water Supply Projects.

3.3 Non-Financial Recommendations and their Implementation

The 4th SFC made a number of non-financial recommendations for consideration by the State Government under two broad categories. The first category of recommendations relates to suggestions for the amendment of the relevant Acts and Rules. The second category of non-financial recommendations has been grouped under three heads; (a) institutional and structural strengthening (b) resource generation and removal of legal hurdles and (c) miscellaneous issues. The summary of specific recommendations made

by the Commission under the above categories and the actions taken by the State Government are outlined below :

3.4 Recommendations for Amendments to Acts and Rules and actions taken thereon

3.4.1 Odisha Gram Panchayat Act, 1964

Sl. No.	Provision	4th SFC's Suggestions	Status of Implementation
1	2	3	4
1	Section 20,121	Sub-Divisional office to be substituted by Sub-Collector.	Not yet amended
2	Section 55-57	Maximum licence fee prescribed as per Section 49(8) of erstwhile Odisha Gram Panchayat Act, 1948 to be enhanced and issued as per Section 57 of OGP Act, 1969.	Section 55-57 have been amended vide Gazette Notification No. 1112 dated 27.06.2016
3	Section 83 (b)	Schedule under the Section need to be amended.	Not yet amended
4	Section 83 (c) & (f)	"Subject to maximum of Rs.6 per year" to be deleted already provided rule 98 and 99 and to be enhanced.	Not yet amended
	Section 83(o)	"Subject to the approval of State Government" be deleted.	Not yet amended
5	Section 94 (2)	Deposit of Gram Fund irrespective of relevant rule shall be permitted in nationalised bank savings bank accounts.	Not yet amended
6	Section 105 (2)	May be amended to increase period for recovery by distress or arrear of land revenue beyond 3 years and 6 years.	Not yet amended
7	Section 108	May not be necessary.	Not yet amended
8	Section 110(2) & 111(2)	"Chairman of the Samiti or of the Parishad" may be replaced by "Chairman of the Samiti or President of the Parishad as the case may be".	Not yet amended

Sl. No.	Provision	4th SFC's Suggestions	Status of Implementation
9	116 (4)	Chairman of the Samiti should be substituted by "by the Panchayat Samiti & Chairman of the Samiti respectively".	Not yet amended
10	License Fee	Provision should be incorporated to enable Gram Panchayat to impose fees on trades, shops anywhere in its territorial jurisdiction, irrespective of whether such trade or shops are located in a declared market or not.	The provision is already in force U/S 58 &59 of OGB Act 1964
11	Fees for Taxi and Auto Rickshaw Stands	There shall be provision empowering to GP to levy fees for using areas for purposes for Auto Rickshaw / Taxi stand.	Not yet implemented

3.4.2 Odisha Gram Panchayat Rules, 1968

Sl. No.	Provision	4th SFC's Suggestions	Status of Implementation
1	2	3	4
1	Rule 2	Definition of Executive Officer to be incorporated.	The Odisha Gram Panchayat Rules, 1968 has already been replaced with the Odisha Gram Panchayat rules, 2014
2	Rule 34	Rule 34 to be amended and "Secretary" to be replaced by "Executive Officer". Also similar changes are needed in many other rules like 5 and 19 (1), 32(2)etc.	-do-
3	Rule 34 (B) (2)	Fees of Rs.100 to be changed	-do-
4	Rule 36	Financial powers in 36 (1) (A), (B), (C) and 36(4)(a) (c) should be enhanced.	-do-
5	Rule 37(1)	Should be enhanced.	-do-
6	New rule to be incorporated	GP should be empowered to take up small work up to	-do-

Sl. No.	Provision	4th SFC's Suggestions	Status of Implementation
		Rs.10,000/- without any technical sanction on approval of Panchayat.	
7	Rule 67	License fee should be enhanced.	-do-
8	Rule 68	Fees like 2 paisa, 10 paisa, Re.1 etc. need not continue and they should be enhanced.	-do-
9	Rule 73-79	May not be any more relevant, may be considered to be deleted.	-do-
10	Rule 87	GP should be authorised to lease out its properties for one year as per prescribed procedure without any approval of rate or upset price. Only for long term lease, permission from higher authorities be provided.	-do-
11	Rule 201	Rate of fees to be enhanced.	-do-
12	Rule 212	Newly amendment.	-do-
13	Rates of fines for impounded cattle to be amended	State government fixed rates as per section 12 of Cattle Trespass Act vide SRO 864/75 dtd.15.11.1975.	-do-

3.4.3 Odisha Municipal Act, 1950

Sl. No.	Provision	4th SFC's Suggestions	Status of implementation
1	2	3	5
1	Section 117 (1) Proviso	Proviso to Section 117 (1) to be deleted.	Not done
2	Section 131	i) Advertisement tax should be included in the Act.	The Section 131 to 175 of the Odisha Municipal Act, 1950 has suitably been amended vide Odisha Municipal Laws (Amendment) Act, 2015, vide Gazette No.1438, dated 8.10.2015
3	Section 131	ii) There is no specific provision in the Act enabling collection of fees on trade and business. Appropriate provision should be made.	

Sl. No.	Provision	4th SFC's Suggestions	Status of implementation
4	Section 132 to 135	Valuation system is inadequate. So, it should be changed. In the meantime, many other States have done.	
5	Section 176	Rates of tax should be left to the Municipality to decide.	Due to substitution of Section 131 (1) of the Odisha Municipal Act, 1950, the Section 176 has also been consequentially omitted vide para-32 of the Odisha Municipal Laws (Amendment) Act,2015 (Gazette No.1438, dated 08.10.2015)
6	Schedule – III	To be Deleted.	Done as the Section 131 of OM Act, 1950 has been amended vide Odisha Municipal Laws (Amendment) Act 2015
7	Section 185	“Not exceeding four anna” may be left to Municipal bodies and not decided by State Government.	Due to substitution of Section 131 (1) of the Odisha Municipal Act, 1950, the Section 176 has also been consequentially omitted vide para-32 of the Odisha Municipal Laws (Amendment) Act,2015 (Gazette No.1438, dated 08.10.2015)
8	Section 186 (2) (iii)	“a sum of one rupee on account of charges” may be replaced by “expenditure”.	Done by amendment of Odisha Municipal Laws (Amendment) Act,2015
9	New provision to be made	After 186(2)(iii) a new provision as “186(2)(iv)” may be inserted “feeding charges in case of animals”.	Done by amendment of Odisha Municipal Laws (Amendment) Act,2015
10	Section 186 (3)	“a sum of 8 anna on account of charges” may be replaced by “expenditure”.	Done by amendment of Odisha Municipal Laws (Amendment) Act,2015

Sl. No.	Provision	4th SFC's Suggestions	Status of implementation
11	Section 290	"Storing or selling materials Should be included in Section 290.	Not done
12	Section 290 (7)	Levy of licence fees be left to respective ULBs depending on concentration and degree of pollution hazards etc. instead of government fixing an upper limit.	Not done
13	New provision to be added	Installation Telecom Tower in urban areas shall be covered under Act. Provision for yearly increase of rates should be incorporated in the Act.	The special regulation for installation of Telecom Towers in ULB areas of Odisha has been rescinded vide Notification No.19334, dated 21.07.2018

3.4.4 Odisha Municipal Rules, 1953

Sl. No	Provision	4th SFC's Suggestions	Status of implementation
1	2	3	4
1	Rule, 171	To be amended as fee, taxes etc. are mentioned in terms of 3 paisa, 6 paisa One Anna etc.	Not done
2	Rule 205	Distrainted fees to be enhanced	Not done
3	2 nd Provision to Rule 338	Should be deleted.	Yes
			Yes the 2nd Provision has been deleted vide Odisha (Amendment) Rules,2017 vide Notification No.27209, dated 22.11.2017

Sl. No	Provision	4th SFC's Suggestions	Status of implementation
4	Rule 345 & Rule 352	The amounts indicated should be suitably enhanced.	Yes,
			Rule 352 has been amended and figure Rs.1500 has been substituted with figure Rs.10,000/-
5	Rule 350	Should be suitably enhanced.	Yes,
			Necessary amendment has been done vide Odisha Municipal (Amendment) Rules,2017 Notification No.27209, dated 22.11.2017
6	Rule 365 (2) & 367, 558 (4), 561, 563	To be suitably amended.	Not done
7	Rule 568	Technical sanction power may be with Engineers of appropriate level as provided in Rule 350.	Yes,
			The Rule 568 has been deleted vide Odisha Municipal (Amendment) Rules,2017 Notification No.27209, dated 22.11.2017)
8	Rule 596	Should be enhanced.	Not done

3.5 The second category of non-financial recommendations relates to measures for strengthening the institutional, structural and financial capacity of the local bodies. The specific recommendations and the action taken as reported by the concerned departments have been presented below.

3.5.1 Institutional and Structural Strengthening:

	Recommendations	Actions taken
1	ATR to recommendations of the State Finance Commission does not contain decisions of the government on recommendations of the SFC on issues, not pertaining to transfer of fund. Departments dealing with administration of local bodies have no forum to report the action taken by them on the recommendations. Commission therefore, recommends that ATR should incorporate commitment of PR and H & UD Departments to act on the recommendations in a given time frame. (3.21)	A dedicated cell is in place to monitor the implementation of 4th SFC recommendation, utilisation and way of utilisation of funds with following as in-charge of the cell:
		<ul style="list-style-type: none"> Special Secretary, H&UD Department has been nominated by Finance Department as Nodal Officer
		Director Municipal Administration is the monitoring officer of the cell assisted by S.O. Funds Section
2	State Government should constitute a committee headed by the Chief Secretary with Development Commissioner, Finance Secretary, PR Secretary and H& UD Secretary as members to meet quarterly to examine suitability and feasibility of implementation of SFCs' recommendations in a time bound manner. The committee may be serviced by Finance Department. (3.22)	<ul style="list-style-type: none"> Finance Department has constituted the HLMC to review the progress of utilisation of grants as per recommendation of 4th SFC with Chief Secretary as its Chairman.
		A Sub-Committee of HLMC is constituted to review the progress of utilisation of grants to Local Bodies and issue necessary guidelines for time to time regarding utilisation of funds recommended by 4th SFC.

	Recommendations	Actions taken
3	<p>Substantial fund should go as untied to the local bodies to help them decide as to how best they could utilise the same for meeting their needs and priorities. It is important to allow them to decide, the activities that deserve support and funding to serve the people who have elected them. This is a means to reach the broader goal of responsible local self-governance as enshrined in the Constitution. There should not be any guideline, but a negative list of works for the use of untied funds should suffice (e.g. for religious institution, donation, any kind of celebration) (2.15, 3.12, 7.32 & 11.25)</p>	<p>Devolution of fund is known as Untied Fund which is being released to 3 tiers of PRIs. It is utilised in need based manner of PRIs. A number of guidelines have been issued by this Department on how to utilise the devolution fund in need based basis taking into consideration of need of hour. However it has been advised to utilize at least 30% of the devolution fund for improvement and maintenance of Drinking Water Sources in the villages.</p>
	<p>In P.R. Deptt., the District Rural Development Agency (DRDA) has emerged as a powerful parastatal and all the centrally sponsored programmes/schemes of the Ministry of Rural Development are routed through them in contrary to the spirit of 73rd Constitutional amendment. The Commission feels that dichotomy in the way of empowerment of PRIs will come to an end if DRDA is dissolved and its office merges in ZP. This will not only convey a determined attitude of the State Government to strengthen local governance, but will also inspire the line departments to realign their schemes, programmes and administrative structure in tandem with the new reality. (5.3)</p>	<p>The proposal is under consideration.</p>

	Recommendations	Actions taken
4	The School & Mass Education Department has made significant efforts to make the School Management Committee and Parent Teacher Association integral parts of the Panchayati Raj Institutions. The Commission feels that all other departments, particularly those in the social sector should take note of the effort of School & Mass Education Department and try to make a similar beginning in this direction. Consequent to enactment of the Right of Children to Free and Compulsory Education Act, PRIs and ULBs have become the Local Authorities under new education paradigm. Similarly, many of the grassroots level services related to health, nutrition and pre-school education can be successfully provided by the local bodies under the overall guidance and superintendence of the departmental officials as facilitators. (5.7 & 6.13)	School and Mass Education Department have transferred the repair and maintenance work of the buildings of Govt. Primary and Upper Primary schools vide Odisha Gazette Resolution Dt.-29.06.2018. Basing on this all Gram Panchayats have been advised to undertake the repair work with strict observance of NDMA guidelines out of funds/Grants available with GP/PS including Finance Commission Grant.
5	The Tahasildar may have all the functions relating to land, land records, law & order, natural calamities and such other responsibilities while the BDO may be re-designated as the Secretary or Executive Officer of Panchayat Samiti to look after developmental responsibilities of Panchayat Samiti. Sections 15A & 19 of Panchayat Samiti Act should be amended accordingly (5.10)	The BDO of a Block is acting as an Executive officer of Panchayat Samiti and will remain accountable to Panchayat Samiti in all respect.
6	All employees serving under the Block administration at present should have their services placed with and salaries paid by the Panchayat Samiti. A chain of commands is to be put in place to make the employees accountable to the Panchayat Samiti. (5.10)	The Salaries of the employees of the block are being released from the Government to the Panchayat Samitis. The BDO is the drawing officer in respect of drawl of salary of employees. They are accountable to the Panchayat Samiti as well as Government.
7	In order to avoid unnecessary compartmentalisation of the Government functions and funds, all the schemes and programmes related funds irrespective of the departments they flow from, should be released in favour of the Panchayat Samiti and not the Block. (5.11)	Funds are being released to Panchayat Samitis not to the Blocks as per 3 tier PRI system.

	Recommendations	Actions taken
8	In order to make the Gram Panchayats more effective in providing services in a meaningful way and to ensure accountability of the key functionaries, services of Executive Officers, Junior Engineers, Rojagar Sahayaks, Jogan Sahayaks and officials involved in disbursement of pension should be placed with the Panchayats and their salaries should be paid by the Panchayats. Further all users' committees like the ones for primary schools, anganwadis and health centres work under the guidance of specially created parastatals under the direct supervision of departmental officers in contravention to Eleventh Schedule of the Constitution. As a first step services of ANMs and anganwadi workers can be placed with the GPs to make them an integral part of the institution of Gram Panchayat(5.12 & 6.12)	<p>At present the services of Panchayat Executive Officers, Gram Rozagar Sevak (GRS), Self Employed Mechanics are placed with the Gram Panchayats. Cadre rule of Jr. Engineers has been framed. Since the number of Junior Engineers is less than the requirement it is not possible to place their service with GPs. Rather, they will supervise the developmental work in the GPs.</p> <p>The concerned line Departments shall take steps to advise their grass root level employees to remain accountable to GP in respect of Power devolved by their Departments to PRIs. The electrification work of AWC Buildings shall be undertaken by the GPs and expenditure shall be met out from Finance Commission Grants.</p>
9	<p>a) In order to make Panchayats viable units of local self-governance, number of Panchayats should be contained, each shall be a viable unit of local self-governance. Splitting of a Gram Panchayat always may not be in its best interest. The Commission is of the view that, lesson should be learnt from the experience of Kerala for evolving strong and efficient village Panchayats, and</p> <p>b) New Panchayats should be created where population has exceeded 10,000</p> <p>c) The existing Panchayats having more than 7,500 population should be strengthened by placing technical and other functionaries exclusively for them while smaller panchayats may continue to share functionaries for the time being as is the practice now. (5.13)</p>	<p>The reorganisation of GPs was completed as per P.R. Dept. Notification No. 10729/dt 01.07.2015. The Gram Panchayats are reorganized taking into consideration on population, geographical contiguity, administrative conveniences and local needs. After reorganization, new 594Nos of GPs have been constituted with total number of GPs 6798 till date.</p>

	Recommendations	Actions taken
	With increase of rates of materials and wages etc. real power of approval and sanction shrink over the years making it difficult for the functionaries to perform, particularly in local bodies. The Commission recommends that the administrative and sanctioning power of officials, engineers and other technical functionaries in the local bodies should be enhanced at least two times to facilitate undertaking routine works locally without sending estimates upwards for approval. (5.14 & 5.22)	Administrative and Sanctioning power of officials, engineers and other technical functionaries in the Local Bodies has been enhanced earlier. It will be amended suitably basing on requirement.
10	Though urban bodies are bestowed upon more power and functional freedom compared to their rural counterparts, a lot of inadequacies and constraints are being faced by them while discharging their functions. An expenditure of a small amount of Rs.5,000/- out of their own resources needs prior approval of the Government. They require more liberty to function within their legitimate domain of operation without waiting for Government's approval. (5.15 & 5.23)	In process
11	Municipal cadre should be put in place as quickly as possible. The present LFS and non-LFS staff may be gradually phased out and replaced by the organized municipal cadre, so that municipal bodies are served by competent professionals in due course. (5.17 & 5.29)	Draft proposal formulated for amendment of Odisha Municipal Act, 1950.
		In process.
		Odisha Municipal Service Act, 2015 has been notified vide No.6491, dated the 4 th July 2016 and came into force w.e.f. 24.12.2016. The following rules have been notified, namely: • Odisha Municipal Services (General) Rules 2016; Odisha Municipal Administrative Service Rules, 2016, Odisha Municipal Engineering Service Rules, 2016-notified on 24.12.2016.

	Recommendations	Actions taken
		<ul style="list-style-type: none"> Odisha Municipal Ministerial Service Rules, 2017; Odisha Municipal Finance Service Rules, 2017 - notified on 21.03.2017. Odisha Municipal Community Development Service Rules, 2017 - notified on 25.05.2017. Odisha Municipal Planning Service Rules, 2017 - notified on 16.10.2017.
		ULB wise and employee category wise database prepared, reviewed & validated.
12	It is feasible on the part of PH Organisation to work out a mechanism to transfer maintenance of the entire water supply system to the urban local bodies in phases. (5.18)	In process WATCO incorporated in Bhubaneswar. Chairman of WATCO has been appointed. Delegation of powers and transfer of functionaries and functions from PHEO to WATCO is under progress
	H & U.D. Department should expeditiously engage one Inspector of Local Works (ILW) in the level of Asst. Engineer or Executive Engineer to be stationed in each district to give technical advice to the municipal bodies for executing engineering works. (5.21)	Under Progress. Senior most engineer of PHEO in the district will be the ILW and the DRDA Executive Engineers are being considered to act as ILWs
13	It would be worthwhile to constitute a separate Directorate of Municipal Administration to be managed by senior level officers as in many States in order to ensure functional efficiency of municipal bodies. (5.27)	A dedicated support structure for DMA exists..
14	Some municipal bodies have recruited staff even as late as 2005 without government sanction deviating from relevant provisions under Municipal Act. The Commission is of the view that it will be appropriate for the Government to take stock of the situation and initiate action against the persons who have indulged in such irregularities as a deterrent to its repetition. (5.28)	In process

	Recommendations	Actions taken
		H&UD Dept. has already compiled the database of staff recruited after 12 th April, 1993. The Department will now initiate action.
15	The law should be amended such that the valuation organization shall be an independent body and may be constituted in the line of Tamil Nadu and West Bengal. The Municipal Act too should have similar provision. (8.9)	Enabling provisions made in 'The Odisha Municipal Laws (Amendment) Act, 2015' which have been notified for 5 Municipal Corporations on 1 st October, 2016. Requisite Property Tax Rules approved and notified on 01 st October, 2016.

3.5.2 Resource Generation and removal of legal hurdles :

	Recommendations	Actions taken
1	To inculcate the spirit of generating more revenue internally, an incentive structure should be put in place. Incentivisation should be structured to make it attractive and to induce competitiveness among the local bodies. The Commission is of the view that the ULBs should be rewarded for their performance in revenue collection for reducing their dependency on State and Central Governments. (2.19 & 8.20)	A simplified 'performance monitoring framework' taking into account parameters like tax and non-tax revenue collection, percentage increase in tax revenue has been formulated and circulated to the ULBs.
2	Levy of property tax recommended by the 2 nd State Finance Commission has not yet been acted upon as yet. The Commission has gone through the property tax Bills earlier introduced in 14 th Assembly and is of the view that the goal cannot be achieved if some of the restrictive provisions are not done away with. So the Bills have to be relooked into. The LSGs being elected bodies should be given complete freedom to raise their own sources. The sooner the change to property tax takes place better it is for the financial health of the Local Bodies and the tax may be introduced at the earliest. (3.7, 7.23 & 8.5)	Amendment of OGP Act, 1964 regarding Levy of property tax is on process. The bill has been sent to select committee of OLA. The OGP Rules, 2014 has been issued and implemented.

	Recommendations	Actions taken
3	Section 131 of the Municipal Act and the Gram Panchayat Act may be amended to empower local bodies to impose advertisement tax at rates decided at their level without seeking Government approval in order to earn more revenue. (5.24, 7.22 & 8.12)	Amendment of OGP Act is in process.
4	The municipal bodies should be given freedom to collect annual license fees within their jurisdiction for trade and business by suitable amendment of Section 131 of the Act. The license fees need not be uniform across the ULBs nor in different localities of a municipal area. (5.25)	In process
5	The rates and maximum collectable amounts from industries and factories carrying on dangerous and offensive trades have been fixed under provision 290(7) of the Act decades back. These restrictions should be removed and the amount to be charged should be the discretion of the municipal bodies. (5.26)	In process
6	Markets earlier transferred from Gram Panchayats to Regulated Market Committees (RMCs) are good sources of revenue for local bodies. As per amendment of Gram Panchayat Act consequent to 73 rd amendment they are properties of Gram Panchayats and they should be transferred back to Panchayats from the control of RMCs immediately by Cooperation Department. (6.11)	Steps have been taken to collect revenue from RMC markets in consultation with Co-operation Department and also sharing profit between RMC and GP with 50:50 basis. Guidelines to be issued by Cooperation Department. 172 Nos. of RMC markets have been transferred to GPs till date.

	Recommendations	Actions taken
7	The assignment under the cess grant to the PRIs is not based on the collection of cess and is too meager. It has little impact on the finances of the local bodies. Suitable amendment of the law to discontinue the grant will save the government as well as PRIs a lot of book keeping exercises. However, till the law is amended, funds may continue to be released to PRIs as per the present system (7.8)	As per recommendation of 4 th SFC, the Cess Grant to PRIs has already been discontinued with effect from 2015-16.
8	Odisha Kendu Leaves (Control & Trade) Act, 1961 and the rules thereof should be amended to share the net profit with the pluckers, not with PRIs or the corresponding provision for sharing be completely withdrawn. The management of Kendu leaf trade should not be handed over to GPs. (7.11)	Odisha Kendu Leaves (Control and Trade) Act, 1961 has been amended suitably by Forest & Environment Department Notification No. 2171, dated 03.02.2016 which will be given effect from the FY – 2013-14 retrospectively.
9	a) Under Odisha Grama Panchayat (Minor Forest Produce Administration) Rules, 2002, GPs are entrusted with regulation of 69 MFPS and collection of registration fees from the registered dealers. The registration fee of Rs. 100.00 per trader irrespective of the volume of transactions continues for more than a decade. The rule provides for Panchayat Samiti to fix the procurement price. GPs suffer for Panchayat Samitis delaying in price fixation. Any legal compliance indulged in by the traders or others is only to be reported by GPs to the Divisional Forest Officers concerned. GPs have no power to seize and take penal action against the erring traders. There is a need for modification in the Minor Forest Produce Administration Rules as follows :-	Time frame has been fixed for Panchayat Samitis to fix Minor Procurement Price of FMPs. The Gram Panchayats may modify at their level. In this regard Gazette Notification has been issued vide PR&DW Department Notification No. 238, Dated 16.11.2015

	Recommendations	Actions taken
	b) A time-frame may be fixed for Panchayat Samiti to communicate the minimum procurement price of MFPs fixed by them failing which GPs should be at liberty to fix the price at their level.	
	c) Rule 4(6) also should be amended such that registration fees would be decided from time to time by the individual Panchayat, not through government notification.	
	d) There should also be provision in the rule authorizing GPs to seize MFPs if procured illegally and inform the DFO concerned for final say in the matter for initiation of penal action where needed. (7.12, 7.13, 7.14 & 7.15)	
10	Entertainment Tax be entirely assigned to local bodies both urban & rural for levy and collection and the relevant Act need to be amended accordingly. (7.18 & 8.21)	101 st constitutional amendment in 2016 for GST introduction has empowered ULBs to levy taxes on entertainment and amusements.
11	State Government should take steps for appropriate changes in the laws to enlarge the tax net and to include other avenues of entertainments including commercial sports and games, opera, circus etc. as in other States like Karnataka, Maharashtra etc. (7.19)	Same as above.
12	Laws governing Improvement Trusts / Development Authorities should have provisions to give approval to building construction only with NOC from GPs and Municipal Bodies coming under their jurisdictions and GPs & Municipal Bodies too should be empowered by law to collect fees/ taxes for giving NOC (7.12 & 8.34)	Notification has been issued by H&UD Department bearing No -10866/, dated 07.08.2018 for approval of building plan/Land subdivision lay out plan in rural areas.

	Recommendations	Actions taken
13	Proactive steps needed on the part of the ULBs to get their cases relating to holding tax pending at different courts expedited for the interest of their own financial health. For this purpose, municipal bodies should have total freedom to engage reputed legal professionals backed by a conscious decision of the council instead of seeking clearance from the Government. (8.3)	Currently, ULBs are free to engage advocates to resolve pending cases relating to Holding Tax without seeking approval from the Government
14	H&UD department should periodically evaluate performance of Executive Officers with regard to collection of taxes, inclusion of new properties under tax net etc. which is a neglected area. (8.6)	H&UD Department undertakes periodical cluster reviews on performance of ULBs.
15	Urban local bodies are not eager to charge the maximum rate allowed by the municipal laws and in many cases, the rates fixed are quite low. The local bodies in their interest should provide better services by collecting Higher revenues. (8.80)	Instructions have been issued to ULBs to collect holding tax at not less than 13% of the value of holdings.
16	The responsibility to revise property value every five years lies with the valuation organisation under Sections 146 and 147 of the Municipal Act. The Commission recommends appropriate amendment in the laws to make it mandatory for municipal bodies to levy 5% more tax in every succeeding year after a valuation is made till the new valuation is in place. (8.10)	This is addressed in the new Odisha Municipal Laws Amendment Act, 2015 with amendment to Section 198.
17	There are ample instances of reluctance of local bodies to hike holding tax though they are legally competent to do so. In addition to that there are also instances of revised rates of taxation not getting clearance of the municipal council. Laws should be amended so that the main taxes including holding tax are periodically increased as a mandate. (8.11)	Property Tax Rules notified on 1 st October, 2016 with a provision for periodic revision of rates of taxes.

	Recommendations	Actions taken
18	In course of interaction with the municipal bodies, certain novel methods of revenue generation came to the notice of the Commission. These innovative methods proved effective for arrear tax collection. Each municipal body can find its own innovative ways to augment the resources (8.13)	H&UD Dept. has prepared Revenue Enhancement and Mobilization Plans for 9 AMRUT cities. Innovative methods disseminated to ULBs.
19	With the introduction of metering, water user charges can be collected in the same way as electric charges from commercial, industrial and domestic consumers at different rates. This is likely to boost revenue of the municipal bodies substantially and help control misuse of the treated water. (8.15)	Metering projects to be taken up only for bulk water supply projects.
20	All its recommendations relating to revenue enhancement measures should be addressed in totality within a definite timeframe (8.16)	A dedicated cell is in place to monitor the implementation of 4th SFC recommendation. Revenue Enhancement Mobilization Plans are developed for 9 AMRUT towns. Innovative methods disseminated to ULBs.
21	The issue of entry tax assignment needs to be re-visited on account of emergence of new ULBs and varying changes in their population, area, and demand for basic services. The Commission feels that not only the ULBs, the RLBs too have a right on the Entry Tax. (8.19)	Noted by Government.
22	Present level of share of ULBs in motor vehicle tax need to be enhanced as maintenance of roads in urban areas is an important function of ULBs. (8.22)	Government in ATR at para 5.1 have decided in principle to provide grants of Rs.244.20 crore per annum under Motor vehicle tax. As per the guidelines issued by F.D. the fund has been released to ULBs on the basis of Population.

	Recommendations	Actions taken
23	There is no necessity of sharing of stamp duty with ULBs. As regards bestowing the grant to special planning authorities by the State Government which is the practice, the Commission has no jurisdiction to make any recommendation. (8.24)	Currently, stamp duty is not shared with ULBs.
24	Long term lease of tanks and orchards can fetch more revenue. Another emerging area to boost income and services provided by the LBs, particularly municipal bodies is PPP projects in urban sanitation, urban transportation, street lighting and tax collection etc. (11.8)	Long term lease of Tanks and Orchards are being given by the GPs to fetch more revenue. Other fields like Sand, Morrum etc. are being included for this purpose where ever possible.

3.5.3 Miscellaneous Issues

	Recommendations	Actions taken
1	Government to take expeditious steps to amend the obsolete and obstructive provisions of law mentioned in their report at A,B,C, D of the Para 5.30 for empowering and improving function and finances of the local bodies. The list is illustrative and not exhaustive. It is hoped that the administrative departments will come up with proper amendments after making exhaustive scrutiny. (5.30)	Revising of the relevant section in PR Act and Rules are under process.
2	Directorate of Local Fund Audit should develop an accounting standard along with suitable software for the Gram Panchayats in consultation with the Institute of Chartered Accountants of India and PR Department. Though some of the GPs have been provided with computers, universal computerization of GPs should not be delayed.(5.31)	8 database format of C&AG and 8 module accounting format of PR has been circulated to all PRIs apart from that the Software's like Plan Plus, PRIA Soft, Awasoft, NAD, LGD, Action Soft are being implemented in the GPs.

	Recommendations	Actions taken
3	It should be ensured that all government offices, residential schools, anganwadi centers and such other institutions located in rural area have functional toilets and urinals with running water facilities. The Commission does not propose to make any financial allocation for this purpose, as there are adequate funds from schemes like Mahatma Gandhi National Employment Guarantee Programme to address such needs. It is strongly recommended to attended to this aspect in rural life by the administrative department concerned.(6.7)	As per guideline MGNREGS fund is being converged with 14 th FC basic grant and 4 th SFC Devolution fund for improvement of basic infrastructure and creation of capital assets of Gram Panchayats. Further, it has been advised to utilize the fund of Devolution/ Basic Grant for providing basic civic services including kitchen sheds, toilet & urinals with running water facilities, green fencing of boundary wall, providing LPG connection, drinking water, boundary walls, coloring and any minor repair in primary schools and AWCs.
4	With the programme of financial inclusion by opening accounts in banks in place, it would be worthwhile to transfer the old age, widow, disability and other pensions to the bank accounts of the pensioners. However, recipients having serious difficulties to access bank can be distributed money physically. (6.10)	The Old age, widow, disability and other pensions are being monitored by SSEPD Department.
5	Evaluation of performance of municipal bodies to assess their achievement against targets or standards fixed is the mandate under the 13th Finance Commission. Fixing of service standard has for the first time brought home the realization to the urban body administration that performance can be quantified and evaluated. Concern is that this practice should not be given up once the award period of the 13th Finance Commission is over. The Commission recommends that H & UD Department should continue to fix annual achievement targets even beyond the present award period and put in place a monitoring mechanism involving external agencies to assess the physical progress (6.17)	Service level Benchmarks for ULBs is being continued and being published by the Department

	Recommendations	Actions taken
6	Arrear pension of retired employees should be cleared from the entry tax and pension level be reviewed. (8.18)	The total arrear pension dues of ULBs have been assessed and fund has been released from the budgetary allocation made under the appropriation head "Arrear Pension & Basic Services" on priority basis.
7	There is need for an MIS to link budget, accounting and performance management, but it is still in a nascent stage in the ULBs. The much sought after practice of accrual system of accounting to record the financial transactions is badly needed for the ULBs. The system with inbuilt financial reporting will facilitate prompt financial decision making. (8.32)	All the ULBs in Odisha have adopted Odisha Municipal Accounting Manual which will ensure appropriate linkages. Also all ULBs are using e-Municipality Accounting Modules. The DEAS system is in force in all ULBs
8	As many institutions in the State are often given land free of premium for developmental purposes, it would be appropriate to extend the facility to the third tier of governance too. (8.33)	Land for undertaking activities like Solid Waste Management, Public toilets, Community halls, Kalyan Mandaps, Town halls, Vending zones is being provided by revenue authorities without premium. Commercial allotments are tagged to premium.
9	The parameter selected by P.R & H&UD departments to identify the best performing local bodies is rather complicated. It would be better to identify a few parameters like tax & Non-Tax revenue or per capita expenditure on civic services to evaluate the performance.(9.5 & 9.10)	In order to facilitate release of Performance Grant to the GPs, as stipulated by MOPR parameters, a revise notification has been issued by this Department vide No.10367/31.05.2018. Accordingly PP GRANT software has been developed.
10	For the sake of transparency, it is necessary for municipal bodies to disclose all relevant information on income, expenditure, tax rates, tolls, public utility facilities provided, details of projects, executants, time frame on the website of the department with specific access code for each urban body. The Directorate of	In process

	Recommendations	Actions taken
	Municipal Administration may host and monitor the same. (10.3)	The 9 AMRUT cities have their websites and are hosting key information regularly.
11	It is necessary to introduce accrual based accounting system without further delay in urban local bodies to have better transparency and accountability. (10.4)	ULBs have migrated to Double entry accrual based accounting system.
12	Maintenance of inventory of assets by PRIs and ULBs should be made an obligatory condition for release of grants. Before funds out of State Finance Commission recommendations are released, it may be ensured that department concerned certifies that asset registers have been updated till the end of the last but one fiscal year. Besides, while introducing e-governance system in this context, a special module may be created by the respective departments to ensure efficiency and transparency in maintenance of inventory of assets. (10.5)	PRIs have been listed for maintenance of inventory of assets, National Asset Directory has been integrated with Plan Plus to keep data of all assets by GPs. All assets need to be captured and uploaded in the M-Asset through geo-tagging. Public Financial Monitoring System (PFMS) has been introduced for transfer of funds as well as making expenditure their on in the PRIs in the FY-year 2018-19.
13	It is necessary for the State Training Institute to prepare an inventory of good practices developed in different parts of the country and send elected representatives from all corners of the state to such places. (10.6)	Different training programs to the representatives of PRIs are being given at State Level as well as District Level by the SIRD & PR, Bhubaneswar to sensitize and educate regarding plan and programs taken up by the Govt.
14	The Directorate of Municipal Administration should set up an institutional framework for regular capacity building and training of the officials and elected representatives of ULBs within a reasonable time frame and with a concrete action plan. (10.7)	State Urban Development Agency (SUDA) is the nodal agency for all capacity building initiatives for officials and elected representatives. Training calendar and Action plan is in place (NULM, AMRUT)

	Recommendations	Actions taken
15	The Directorate of Municipal Administration may make a time bound programme for the leading urban bodies of the state to adopt e-governance system which will go a long way in strengthening urban administration in the State like Ahmedabad and Greater Hyderabad Municipal Corporations. (10.9)	E-Municipality system has been rolled out in 110 ULBs in the state.

3.6 An analysis of the action taken on the recommendations of 4th SFC reveals that most of the recommendations have been acted upon while some recommendations are still under consideration of Government. One of the recommendations of the previous SFC was to remove the dichotomy in the way of empowerment of PRIs by dissolving DRDA and merging it in Zilla Parishad. PR & DW Department has reported that the matter is under active consideration of the Government. The Commission hopes that appropriate decision will be taken by the Government at the earliest.

3.7 Actions taken by the State Government on the financial recommendations indicate that while accepting all the recommendations of the Commission slight modification has been effected fixing the amount under assignment from Entry Tax for the PRIs. The recommendation relating to levy and collection of Entertainment Tax by the Local Bodies was not accepted by the Government.

3.8 As regards the other non- financial recommendations of the Commission relating to strengthening the institutional, structural and financial capabilities of the local bodies, the Government have addressed most of them.

3.9. In the Action Taken Report on the recommendations of the previous Commission, it has been stipulated that Finance Department shall put in place a computerised Management Information System for monitoring the implementation of the recommendations of the Commission pertaining to ULBs and PRIs. The progress in this regard has been examined by the Commission and it has been apprised by the concerned departments that steps are being taken to put in place a computerised Management Information System. The

Commission is of the view that the MIS should be put in place within the award period of previous SFC i.e. by 31.03.2020.

3.10 The State Government has constituted a High Level Monitoring Committee (HLMC) with Chief Secretary as its Chairman to review the progress of utilisation of funds as per recommendations of 4th SFC. A Sub-Committee of HLMC has also been constituted to issue necessary guidelines from time to time. In addition, the Commission recommends that a District Level Monitoring Committee (DLMC) may be constituted under the Chairmanship of Collector & DM with PD, DRDA as Member Convenor, PD, DUDA as Member, the concern line department representatives as Members to review the progress of expenditure on quarterly basis.

CHAPTER-IV

State Finance : An Overview

Background :

4.1 The Commission is required to keep in view the State's revenue resources and the demands thereon on account of expenditure on Civil Administration, Police and Judicial Administration and various other sectors while making recommendations. It is worthwhile to mention that in recent years some significant developments have taken place in the sphere of public finance at the macro level in the country having wide spread impact and immense consequences for the Central and the State Governments. In a federal set up, the state finance cannot remain in isolation. There are changes taking place in the fiscal domain of the country affecting the State's financial position. The decision to abolish Planning Commission along with the elimination of distinction between plan and non-plan in budgetary exercises has brought changes in procedures and practices. Another development occurred when an increase from 32% to 42% was recommended by the Fourteenth Finance Commission in the sharing of Central taxes in favour of the states. Demonetisation decision of the Union Government had its impact on the economy. Implementation of the recommendations of Seventh Pay Commission w.e.f. 01.01.2016 also led to a surge in the revenue expenditure of the State. Another noteworthy development in the fiscal scenario was the implementation of Goods and Services Tax (GST) in the country as a national consensus which brought in a new dimension in the federal tax structure. Consequently, states are left with no significant elastic source of revenue. The loss of revenue on account of introduction of GST has been one of the critical issues faced by the states. Although the states are insulated for such losses for the initial five years by a compensation package from the Central Government but apprehensions loom large about future loss of revenue, if any, after expiry of five years. It remains to be seen as to how the states would be in a position to recoup on their

own any possible loss through any other taxation measures or else it may trigger a financial stress in future.

State Finance: An Analysis

Macro-economic scenario: Growth of GSDP and Sectoral Contribution

4.2. So far as macro-economic situation of the State is concerned, it is observed that the States' economy has been on a steady growth path during the preceding years primarily due to the growth momentum in tertiary sector. The profile of the State's economy has been changing in the recent years. The sectoral composition of GSDP is presented in **Table 4.1**.

Table-4.1

Sectoral contribution (in per cent) to GSDP at current prices

Sectors	2013-14	2014-15	2015-16	2016-17	2017-18 (Advance)
(1)	(2)	(3)	(4)	(5)	(6)
Primary Sector	20.24	22.21	20.04	21.57	19.98
Secondary Sector	40.64	36.69	37.45	35.71	34.77
Tertiary Sector	39.12	41.1	42.51	42.72	45.25

Source: Odisha Economic Survey 2017-18

4.3 While the contribution of tertiary sector has been growing, the contribution of primary and secondary sectors has become relatively low. The contribution of Secondary Sector is coming down from 40.64 per cent in 2013-14 to 34.77 per cent in 2017-18. But the contribution of primary sector is more or less stagnant from the year 2013-14 to 2017-18. It is observed that the growth in primary sector is influenced by several factors such as weather conditions, proneness to natural calamities, cropping pattern, cropping intensity and proportion of people depending on agriculture for their livelihood among other things. Adoption of new technologies and mechanised process as well as moving on to remunerative alternatives like cash crops, horticulture, agro forestry etc. has been sluggish. Dependence on rain fed agriculture also makes it

non-remunerative. Moreover, the area of cultivable land is diminishing gradually due to growth of urbanisation and industrialisation in the State. The pace of industrialisation has got a setback, particularly in large industries, following problems in land acquisition for some big projects in the past. However, MSME sector has grown to some extent in the recent years because of pro-active support and incentives of the Government. The tertiary sector, on the other hand, shows potential growth on a demand driven basis. The growth in GSDP sector-wise from 2013-14 to 2017-18 is given in **Table 4.2**.

Table 4.2

Growth of GSDP (per cent) by Sectors from 2013-14 to 2017-18

Sectors	2013-14	2014-15	2015-16	2016-17	2017-18
(1)	(2)	(3)	(4)	(5)	(6)
Primary Sector	-4.6	7.84	-13.52	19.65	-4.7
CAGR % (2011-17)	-	-	-	-	2.81
Secondary Sector	16.23	-7.02	16.47	6.35	5.23
CAGR % (2011-17)	-	-	-	-	5.72
Tertiary Sector	7.79	7.75	8.11	10.74	12.42
CAGR % (2011-17)	-	-	-	-	9.02
GSVA at basic price	8.9	1.3	7.49	10.14	6.64
GSDP	9.26	1.8	8.17	10.39	7.14
CAGR % (2011-17)	-	-	-	-	6.98
CAGR % (All India) (2011-17)	-	-	-	-	6.82

Source: Odisha Economic Survey 2017-18

4.4 The facts presented in Odisha Economic Survey show that there is an impressive rise in the per capita real income in the recent years. It has risen from Rs.48370 in 2011-12 to Rs.67522 in 2017-18 at constant prices. The growth in the economy is achieved even on the face of some severe natural calamities visiting the State in the recent past. The impact of loss on account of GST has been neutralised by compensation from the Central Government. The buoyancy in other tax and non-tax revenue cannot be said to have remarkable variation.

FRBM Targets

4.5 The State has been able to adhere to all the fiscal parameters set by the 14th Finance Commission and as prescribed under FRBM Act, including revenue deficit, fiscal deficit as percentage of GSDP, Interest payment as percentage of revenue receipts (IPRR) and Debt-GSDP ratio during the last few years. The fiscal trend from 2012-13 to 2017-18 goes on to demonstrate a consistent revenue surplus marked by higher revenue receipts. The achievements against different parameters of FRBM targets are indicated in the **Table 4.3**:

Table 4.3
Performance of the State against FRBM Targets

(Rs. in Crore)

Sl. No	Parameters/ Indicators	FRBM Target	Achievement				
			2013-14	2014-15	2015-16	2016-17	2017-18
1	Revenue Deficit / Surplus	to generate revenue surplus every year	3329.10	5862.14	10135.73	9258.86	13366.99
2	Fiscal deficit as percentage of GSDP (%)	within (-) 3.5% of GSDP	-1.56 %	-1.74 %	-2.15 %	-2.44 %	-2.15 %
3	Interest Payment to Revenue Receipt (IPRR) Ratio (%)	IPRR ratio within 15%	5.90 %	4.93 %	4.85 %	5.43 %	5.85 %
4	Debt Stock (Year-end) as percentage of GSDP (%)	within 25%	13.04 %	13.77 %	15.83 %	16.15 %	16.99 %

Source: Budget at a Glance, Finance Department

Fiscal performance of the State

4.6 While analysing the fiscal parameters of the State as indicated in **Table-4.4**, it is observed that the revenue surplus as percentage of GSDP was 1.12% in 2013-14 and increased to 3.08% in 2017-18. The fiscal deficit remained within 2.5% of the GSDP during 2013-14 to 2017-18 well below the FRBM target. This consolidation of the fiscal position provided the opportunity

for higher capital investment. The Capital Outlay as percentage of GSDP was 2.62% in 2013-14 and increased to 4.86% during 2017-18. This indicates a situation of prudent financial management by the State Government leading to a healthy trend in maintaining the fiscal parameters and providing resource support for the developmental needs of the State. The debt stock as percentage of GSDP was 13.04 per cent in 2013-14 and it has increased to 16.99 per cent in 2017-18. This is well within FRBM target.

Table 4.4**Fiscal performance of the State from 2013-14 to 2017-18****(Rs. in Crore)**

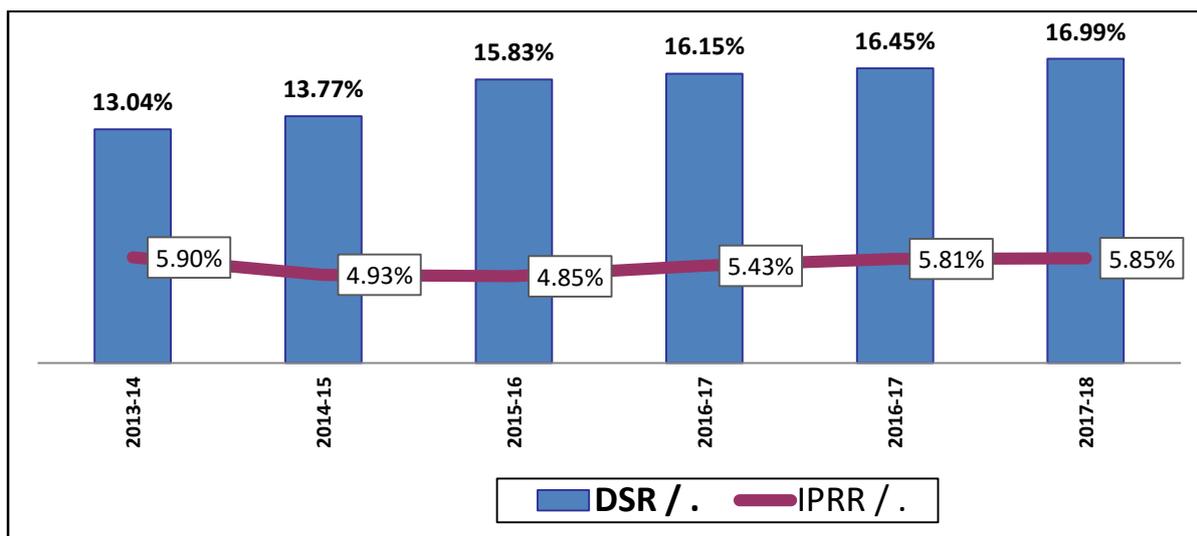
Indicators	2013-14	2014-15	2015-16	2016-17	2017-18
	(Actual)	(Actual)	(Actual)	(Actual)	(Actual)
(1)	(2)	(3)	(4)	(5)	(6)
Revenue Surplus / Deficit	3329.10	5862.14	10135.73	9258.86	13366.99
Revenue Surplus / Deficit as percentage of GSDP (%)	1.12%	1.87%	3.08%	2.41%	3.08%
Fiscal Deficit	-4633.64	-5478.62	-7062.83	-9377.30	-9359.49
Fiscal deficit as percentage of GSDP (%)	-1.56	-1.74	-2.15	-2.44	-2.15
Capital Expenditure	10513.17	15544.08	20308.38	21862.27	25674.18
Capital Expenditure as percentage to GSDP	3.55%	4.95%	6.18%	5.68%	5.91%
Debt Stock (Year-end)	38666.24	43273.38	52017.33	62135.46	73864.66
Debt Stock (Year-end) as percentage of GSDP (%)	13.04	13.77	15.83	16.15	16.99
Capital Outlay	7756.40	11074.63	17090.48	18471.07	21108.55
Capital Outlay as percentage to GSDP	2.62%	3.52%	5.20%	4.80%	4.86%
GSDP at current price	296475.38	314249.95	328592.63	384628.84	434672.83

Source: Budget at a Glance, Finance Department

4.7 In order to judge the debt sustainability, interest payments to revenue receipts ratio (IPRR) is taken as parameter, the trend of which is presented in

Chart 4.1. The IPRR has declined from 5.90% in 2013-14 to 5.85% in 2017-18. IPRR is well below the FRBM limit of 15%. The parameter of Debt to GSDP ratio is already discussed in paragraph 4.6.

Chart 4.1
Trends in IPRR & DSR



Source: Budget at a Glance, Finance Department

State’s Own Revenue

4.8 During last five years (2013-14 to 2017-18), own revenue receipts of the State has exhibited a growth of 14% on CAGR basis. However, the annual growth rate in the year 2016-17 over the previous year has been found to be -1.10%. This is primarily due to growth of 1.44% in case of State’s Own Tax Revenue and growth of -7.67% in State’s Non Tax Revenue. Growth of the State’s Own Revenue from 2013-14 to 2017-18 has been presented in **Table 4.5:**

Table 4.5**Growth of the State's Own Revenue (From 2013-14 to 2017-18)****(Rs. in Crore)**

Year	Own Tax Revenue	Growth of Own tax revenue	Non-Tax Revenue	Growth of Non Tax Revenue	State's Total Own Revenue	Growth of State's Total Own Revenue	GSDP	Growth of GSDP
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2013-14	16891.59		8378.60		25270.19		296475.38	
2014-15	19828.29	17.39%	8070.87	-3.67%	27899.16	10.40%	314267.07	6.00%
2015-16	22526.96	13.61%	8711.24	7.93%	31238.20	11.97%	330873.77	5.28%
2016-17	22852.39	1.44%	8043.10	-7.67%	30895.49	-1.10%	377201.78	14.00%
2017-18	27913.84	22.15%	8398.48	4.42%	36312.32	17.53%	434672.83	15.24%

Source: *Budget at a Glance, Finance Department*

Own Tax Revenue

4.9 A detailed analysis of the Own Tax Revenue (in **Table 4.6**) of the State during last five years shows that, the growth in Profession Tax has been low as there is no expansion in the tax base. The Constitutional limitation in levy of Profession Tax is a meagre Rs.2500.00 per annum. The recommendation of 14th Finance Commission as well as 4th State Finance Commission for enhancement of the ceiling by necessary Constitutional amendment has not been acted upon by the Central Government as yet. Many independent professionals are still continuing outside the tax net. In many other States the Local Bodies are entrusted with the collection of profession tax in view of its local characteristics and there is strong ground for such an arrangement in the State. Value Added Tax (VAT), Entry Tax and Entertainment Tax have been subsumed under GST. However, it is observed that, after introduction of GST, the collection from this source has not been buoyant. The short fall on this account vis-à-vis protected revenue is compensated for initial five years by the Central Government. The trend in each of the items under State's Own Tax Revenue from year on year has been presented in **Table 4.6**:

Table-4.6**Own Tax Revenue****(Rs. in Crore)**

Sl. No.	Items of Revenue	2013-14	2014-15	2015-16	2016-17	2017-18
		Actual	Actual	Actual	Actual	Actual
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Professional Tax	149.70	168.97	175.78	180.18	187.81
	YoY Growth Rate		12.87%	4.03%	2.50%	4.24%
2	Land Revenue	431.26	645.64	588.81	460.00	542.27
	YoY Growth Rate		49.71%	-8.80%	-21.88%	17.89%
3	Stamps & Registration	605.48	800.23	2157.07	1363.71	1036.68
	YoY Growth Rate		32.17%	169.56%	-36.78%	-23.98%
4	State Excise	1780.13	2035.24	2546.94	2786.02	3220.99
	YoY Growth Rate		14.33%	25.14%	9.39%	15.61%
5	Sales Tax /VAT (<i>out of which</i>)	12342.00	13527.60	14759.99	15162.86	19391.41
	(i) VAT	10728.55	11816.73	13096.99	13402.35	11521.65
	(ii) SGST					6609.27
	(iii) App. of IGST to SGST					
	(iv) Entry Tax	1613.45	1710.87	1663.00	1760.51	1260.49
	YoY Growth Rate		9.61%	9.11%	2.73%	27.89%
6	Taxes on Vehicles	859.67	910.31	1043.73	1216.08	1534.95
	YoY Growth Rate		5.89%	14.66%	16.51%	26.22%
7	Taxes & Duties on Electricity	670.11	1722.60	1212.21	1637.14	1969.74
8	Other Taxes and Duties	53.23	17.70	42.44	46.39	29.96
	Total Own Tax Rev.	16891.59	19943.26	22731.54	22822.14	27953.78

Source: Budget at a Glance, Finance Department

Goods and Services Tax

4.10 It may be mentioned that, Goods and Services Tax (GST) subsumed within its fold eight Central taxes/duties and seven State taxes as indicated in **Table 4.7**.

Table 4.7**Taxes/Duties subsumed under GST**

Central Taxes/Duties	State Taxes
a. Central Excise duty (except petrol, diesel, ATF, natural gas, crude oil, tobacco and tobacco products)	a. Value Added Tax (VAT)(except petrol, diesel, ATF, natural gas, crude oil, tobacco and tobacco products)
b. Duties of Excise (Medicinal and Toilet Preparations)	b. Central Sales Tax (CST)(except petrol, diesel, ATF, natural gas, crude oil, tobacco and tobacco products)
c. Additional Duties of Excise (Goods of Special Importance)	c. Luxury Tax
d. Additional Duties of Excise (Textiles and Textile Products)	d. Entry Tax
e. Additional Duties of Customs (commonly known as CVD)	e. Entertainment Tax
f. Special Additional Duty of Customs (SAD)	f. Taxes on advertisements
g. Service Tax	g. Forest development tax
h. Central Surcharges and Cesses so far as they relate to supply of goods and services	

Sources: Finance Department

4.11 The tax payers registered under GST Act are assigned either to State tax authority or Central tax authority. Both the Central and the State Tax authorities are empowered under OGST Act, CGST Act and IGST Act for audit, assessment and other functions.

Non-Tax Revenue

4.12 As far as Non-Tax Revenue is concerned, there has been no appreciable growth except mining revenue and receipts from major and medium irrigation projects on account of water rate on irrigation and industrial use. The growth rate in revenue from mining sector has been fluctuating from year to year with declining trend in some years. It is desirable that the scope of increasing revenue from non-tax sources may be explored in the coming years. The detailed position

of collection of State's Own Non-Tax revenue during the last 5 years is given in **Table 4.8**.

Table 4.8
Non-Tax Revenue

(Rs. in Crore)

Sl. No	Items of Revenue	2013-14	2014-15	2015-16	2016-17	2017-18
		Actual	Actual	Actual	Actual	Actual
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Interest	1241.18	330.67	560.42	427.40	600.71
2	Dividend	452.40	1076.44	553.36	566.04	66.22
3	Education	89.10	18.87	66.89	30.79	23.88
4	Medical	10.55	33.15	52.70	50.83	57.79
5	Water Supply & Sanitation	44.87	47.38	51.14	66.93	85.38
6	Housing	13.48	14.11	14.00	15.51	16.04
7	Forest & Wildlife	95.11	61.51	152.99	131.58	62.79
8	Major & Medium Irrigation.	436.31	615.53	686.22	722.29	663.46
9	Minor Irrigation	15.12	13.69	20.58	53.24	25.35
10	Non-Ferrous Mining & Metallurgical Industries	5518.80	5310.09	5798.96	4925.79	6130.99
11	Others	461.68	549.43	753.98	1052.70	665.85
	Total Non-Tax Rev.	8378.60	8070.87	8711.24	8043.10	8398.48

Source : Budget at a Glance, Finance Department

Revenue Expenditure

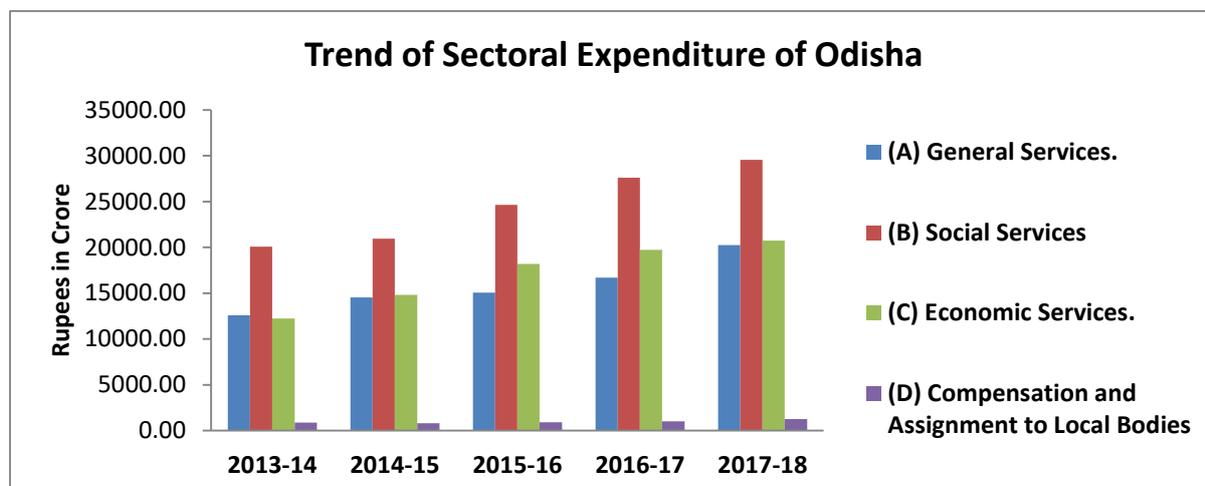
4.13 There has been a growth in the revenue expenditure of the State in the recent years due to various reasons as seen in **Table 4.9**. Implementation of the 7th Pay Commission recommendations for the Government employees and pensioners added additional pressure on the State exchequer. There has been a growth in the maintenance expenditure of capital assets in the State. The State has launched some new social sector and welfare schemes for the poor

and marginalised segments of the society. The amount and number of scholarships and stipends in education sector has also increased. The sectoral distribution of expenditure from 2013-14 to 2017-18 is indicated in the **Chart 4.2**. It is observed that there has been significant rise in expenditure relating to Social and Economic Services. At the same time, transfer to Local Bodies has recorded consistent increase.

Table 4.9**Total Revenue Expenditure of the State from 2013-14 to 2017-18****(Rs. in Crore)**

Sl. No	Item	2013-14	2014-15	2015-16	2016-17	2017-18
		(Actual)	(Actual)	(Actual)	(Actual)	(Actual)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	General Services.	13689.41	14528.86	15058.67	16714.45	20260.92
2	Social Services	18721.55	20964.13	24643.16	27599.95	29556.83
3	Economic Services.	12314.59	14825.38	18188.12	19713.73	20756.9
4	Transfer of funds to Local Bodies	892.20	817.37	915.76	1012.40	1262.66
5	Total Revenue Expenditure (1+2+3+4)	45617.75	51135.74	58805.71	65040.53	71837.31
6	GSDP	296475.38	314267.07	330873.77	377201.78	434672.83
7	Total Revenue Expenditure as percentage of GSDP (%)	15.39%	16.27%	17.77%	17.24%	16.53%

Source: Budget at a Glance, Finance Department

Chart 4.2

Capital Outlay

4.14 The fiscal consolidation achieved over the last decade had allowed some space for the State Government to adopt a development oriented fiscal policy in the State. The quality of public expenditure has improved with more focus on creating socio-economic infrastructure and achieving better human development indices like Literacy Rate, Infant Mortality Rate (IMR) Maternal Mortality Rate (MMR) etc. The State has been able to achieve significant reduction in poverty ratio during the preceding years. In head count ratio it has come down from 57.2% in 2004-05 to 32.6% in 2011-12, which is the highest reduction in poverty by any State in the country during the period. The capital outlay has reached near about three times within a span of five years from 2013-14 to 2017-18. The capital expenditure and capital outlay of the State are given in **Table 4.10**.

Table 4.10
Capital expenditure and capital outlay

(Rs. in Crore)

Year	Capital Expenditure	Growth rate of Capital Expenditure	Capital Outlay	Growth rate of capital Outlay
(1)	(2)	(3)	(4)	(5)
2013-14	10513.17		7756.40	
2014-15	15544.08	47.85%	11074.63	42.78%
2015-16	20308.38	30.65%	17090.48	54.32%
2016-17	21862.27	7.65%	18471.07	8.08%
2017-18	26411.74	20.81%	21108.55	14.28%

Source: Budget at a Glance, Finance Department

4.15 An analysis of the fiscal position of the State for the period starting from 2013-14 till 2017-18 indicates some major trends in fiscal parameters which can be summarised below:

- i.** Prudent financial management of the State has resulted in revenue surplus starting from the financial year ending 2005-06 and continuing unabated.
- ii.** The fiscal deficit of the State is well within the target set under the FRBM Act.
- iii.** The State has been able to achieve debt sustainability over the period referred to above.
- iv.** The capital outlay of the State has gone up from Rs.7756.40 crore in 2013-14 to Rs.21108.55 crore in 2017-18 which accounts for almost three-fold growth during the five year period.
- v.** Revenue expenditure as percentage of total expenditure has declined from 81.27% during 2013-14 to 73.67% during 2017-18.

Transfer of Funds to Local Bodies

4.16 The transfer of funds to the Local Bodies in the State is increasing from year to year providing support to the Local Bodies in delivering the basic services to the citizens. In order to enable the Local Bodies to become effective Self Governments sustainable efforts need to be taken by them to increase their own source of revenue so as to make them self-reliant and to be less dependent on the State and Central Governments. The details of the transfer of the funds to Local Bodies from 2013-14 to 2017-18 are shown in **Table 4.11**.

Table 4.11

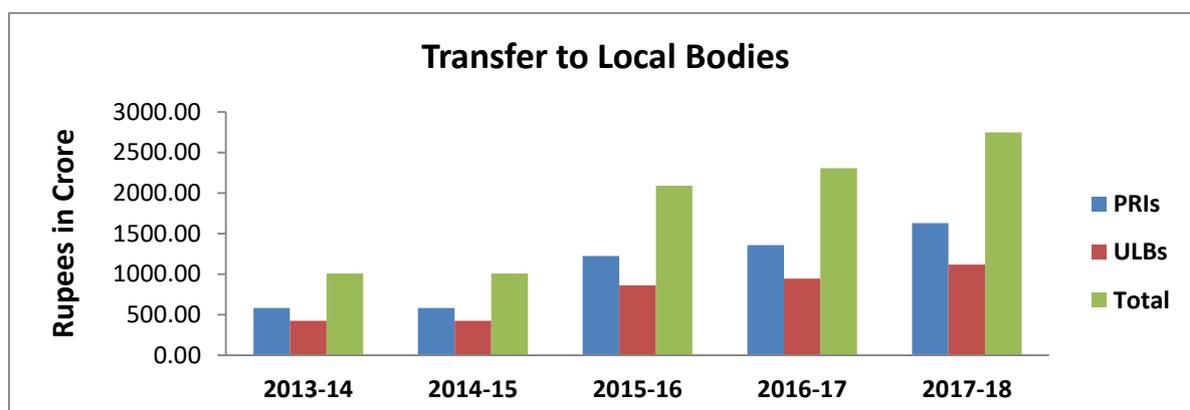
Transfer of funds to Local Bodies

(Rs. in Crore)

Year	State's own Tax Revenue	SFC's total transfer to PRIs	SFC's total transfer to ULBs	Total SFC's transfer to PRIs & ULBs
(1)	(2)	(3)	(4)	(5)
2013-14	16891.74	584.00	425.62	1009.62
2014-15	19828.30	584.00	425.62	1009.62
2015-16	22544.95	1224.78	864.19	2088.97
2016-17	22852.48	1358.70	946.78	2305.48
2017-18	27913.84	1630.44	1117.10	2747.54

Source: Budget at a Glance, Finance Department

4.17 The pattern of transfer of funds on the basis of recommendations of State Finance Commissions to the PRIs and the ULBs from 2013-14 to 2017-18 is depicted in **Chart 4.3**. It is clearly discernible that the transfer of funds to PRIs and ULBs has substantially increased from Rs.1009.62 Crore in 2013-14 to Rs.2747.54Crore in 2017-18.

Chart 4.3

Source: Computed

4.18 Own Sources of Revenue (OSR) of Local Bodies vis-à-vis the funds transferred to PRIs and ULBs are given in **Table 4.12** and **4.13** respectively. Against the transfer of funds from the Government sources to the tune of Rs.8391.39 crore during the year from 2015-16 to 2017-18, the Own Sources of Revenue of PRIs is Rs.100.86 crore which is almost 1.2% of the transfer of Government funds. Similarly, ULBs received transfer of funds of Rs.3740.83 crore from Government sources during the years from 2015-16 to 2017-18 against Own Source of Revenue of Rs.493.11 crore which is 13.18% of the total transfer of Government funds on the recommendations of SFC and CFC.

Table 4.12**Own Source of Revenue vis-à-vis Funds transferred to PRIs****(Rs. in Crore)**

Year	Own Source of Revenue	Transfer from Government					Total Govt. transfer
		SFC			CFC		
		Devolution	Assignment of Tax	Grants-in-aid	Performance Grant	Basic Grant	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2015-16	26.75	493.77	440.95	290.05	0.00	955.72	2180.50
2016-17	35.29	493.77	496.50	368.43	173.55	1323.09	2855.34
2017-18	38.82	493.77	681.54	455.12	196.40	1528.71	3355.54
Total	100.86	1481.31	1619.01	1113.60	369.95	3807.52	8391.39

Source: PR & DW Department & budget documents

Table 4.13**Own Source of Revenue vis-à-vis Funds transferred to ULBs**

(Rs. in Crore)

Year	Own Source	Transfer from Government					
		SFC			CFC		Total Govt. transfer
		Devolution	Assignment of Tax	Grants-in-aid	Performance Grant	Basic Grant	
1	2	3	4	5	8	9	11
2015-16	136.32	164.45	640.22	59.51	0.00	162.44	1026.62
2016-17	171.40	164.14	702.24	80.39	68.26	231.25	1246.29
2017-18	185.39	164.61	774.40	178.10	78.67	272.14	1467.91
Total	493.11	493.20	2116.86	318.00	146.93	665.83	3740.83

*Source: H&UD Department & budget documents***Placing of funds with Local Bodies by Line Departments**

4.19 Generally, all departments of Government spend their budgetary allocations through their administrative machinery. However, some departments place their funds with Panchayat Samitis under specific schemes such as infrastructure development, payment of old age pension and other welfare schemes. Funds placed with Panchayati Raj Institutions for construction of Anganwadi Centre buildings and for other purposes cannot be construed as devolution of funds in their favour. The funds are routed through the Panchayat Samitis which act as intermediary channel for fund transfer and execution.

Expenditure towards Salaries for maintaining Establishment of Local Bodies

4.20 It has been the practice that salaries of the officers and staff deployed and working under PRIs are paid out of the grants recommended by State Finance Commission. The salaries are borne out of the funds allocated under Assignment of Taxes. The release of funds by the State Government towards salaries of PRI employees is indicated in **Table 4.14**.

Table 4.14**Release of funds by the State Government towards salaries of PRI employees.****(Rs.in crore)**

Year	Amount
2015-16	353.54
2016-17	500.81
2017-18	599.00

Sources: Budget documents and Finance Accounts for the relevant years.

4.21 Over and above the recommendations of State Finance Commission, the State Government also provides funds to PRIs towards payment of salary of the Accounts Officers belonging to Odisha Taxation and Accounts Service posted in different Blocks. A sum of Rs.7.82 crore was spent towards salary of newly appointed Accounts Officers of the Blocks during 2013-14. In subsequent years, the same practice is being continued.

4.22 The salaries of the officers and staff of the ULBs are also paid out of the funds recommended by the State Finance Commission. **Table 4.15** indicates the year-wise payment towards salary from 2015-16 to 2017-18.

Table 4.15**Release of funds by the State Government towards salaries and establishment costs of ULBs.****(Rs.in crore)**

Year	Amount of salary
2015-16	399.12
2016-17	448.10
2017-18	492.97

Sources: Budget documents for relevant years**Loan guarantees for Urban Local Bodies by the State Government**

4.23 In order to meet the deficit in financing of different programmes and projects, ULBs resort to borrowing with guarantee from the State Government. It has been the practice that the State Government only guarantees the loans of ULBs. None of the PRIs adopt this practice. As on 31.03.2018, Government had

given guarantee for the loans amounting to Rs.1873.81 Lakh for 73 numbers of ULBs. The details of guarantee availed, repayment made and outstanding guarantee of different ULBs are indicated in **Table 4.16**.

Table 4.16

**State Government Guarantees on behalf of Urban Local Bodies
as on 31.03.2018**

(Rs. in lakh)

Guaranteed loan availed	Guaranteed loan paid	Guaranteed loan outstanding	Interest paid	Interest outstanding	Guarantee Fee due	Guarantee Fee paid	Guarantee Fee outstanding
1873.81	1789.09	84.72	1304.75	0.00	134.19	85.61	48.58

Sources: *Explanatory Memorandum, 2018-19*

4.24 It may be mentioned here that out of loan guarantees provided to 73 ULBs, meanwhile 70 ULBs have liquidated their guarantees and only three ULBs, namely, Rourkela, Puri and Berhampur have not repaid their guaranteed loan so far. The outstanding guarantees have been mentioned in **Table 4.17**.

Table 4.17

Outstanding Guarantee position of ULBs as on 31.03.2018

(Rs. in lakh)

Name of the ULB	Total Guarantee Outstanding as on 31.03.2018
Rourkela	46.30
Puri	31.93
Berhampur	6.49
Total	84.72

Sources: *Explanatory Memorandum, 2018-19*

4.25 In view of some achievements made by the State in the fiscal sector, there are some persistent issues which dominate in the realm of development. Problems of poverty, unemployment, infrastructural deficiency, regional imbalance and income inequality continue to be daunting tasks which require close and focused attention of the Government. There is need for massive investment in major infrastructures like irrigation, water supply and sanitation, power supply, rural roads etc. Although, some social indicators in the State have recorded appreciable improvements, still the State has to catch up with the

national average in some areas. This will add to the existing demands and pressures on the States' resources in coming years. Besides, there are many committed expenditures for the State, particularly on account of arrears and current demand due to revision of pay and pension after implementation of recommendations of Seventh Pay Commission. There may be a difficult situation ahead after discontinuance of GST compensation in 2021-22. The fiscal space available for PRIs and ULBs out of State's resources during the period 2020-25 may not be wide open in the given scenario. The Commission has kept in view the position discussed in the preceding paragraphs and accordingly formulated its recommendations.

CHAPTER-V

Review of the Status of Decentralised Governance and Devolution

5.1 Decentralised Governance is the basic objective underlying the functioning of Local Self Government. Within the constitutional frame work the State Government is to empower the Local Bodies by enacting the law which provides for devolution of powers and authority both for the Panchayats and Municipal Bodies in order to enable them to function effectively as institutions of self-government. Under Article 243B of the Constitution, there is provision for three tiers of PRIs namely, Village panchayat (**Gram Panchayat**), Intermediate panchayat (**Panchayat Samiti**) and the District panchayat (**Zilla Parishad**). Article 243Q provides for establishment of three types of ULBs in every state namely, **Nagar Panchayat** (transitional area from rural to urban), **Municipal Council** (smaller urban area) and **Municipal Corporation** (larger urban area). It is needless to mention that as per the constitutional mandate the State Government has formed local bodies at different levels through democratic process.

Structure and Functioning of Panchayat Raj Institutions :

5.2. The governance of the three tier PRIs in Odisha is regulated as per the relevant provisions of the Acts and Rules. 50% of seats in each of PRIs has been reserved for women and the required percentage of seats for Scheduled Caste and Scheduled Tribe has been adhered to as per law. The PRIs constituted as per law function at the local level with the functions, functionaries and funds as devolved by the Government.

5.3 People's participation in the decision making process is one of the key elements of the decentralized system of governance. The Palli Sabha (village sabha) and the Gram Sabha are two essential institutions at the grass-roots level. The decisions of the GPs relating to new project proposals and scrutiny of

the annual budget proposals etc. are routed through Palli Sabha and subsequently discussed, debated and finalized in Gram Sabha. In spite of the crucial role of these two institutions in decentralised governance system, it has been observed that the Palli Sabha meetings are not regularly held. Grama Sabha meetings, though conducted at the GP level, do not have adequate participation. At times proper recording of the minutes of the meetings is not done. The participatory process in the Palli Sabha and Gram Sabha have to be strengthened in order to boost the decentralised governance process.

5.4 The functions of the PRIs have been spelt out under the relevant provisions of the ZP, PS and GP Acts separately for each category. The functions of ZPs are mostly related to the preparation of plans for economic development and social justice in the district, implementation of the various developmental schemes of the government including provision of financial assistance for maintenance of various infrastructural facilities and other utilities like schools, library, water supply, public health, hospitals, adult education etc. The functions of the PSs are more or less akin to that of the ZPs except for the fact that their jurisdiction is limited to the blocks. An important function of the PSs is to supervise the functioning of the GPs within the block. The functions of the GPs have been specified in section 44 of the Odisha GP Act, 1964.

5.5 Under the relevant rules of Zilla Parishad, Panchayat Samiti and Gram Panchayat, various functions assigned to them are supposed to be discharged through different Standing Committees. **Table 5.1** indicates the functions of different Standing Committees.

Table-5.1**Functions of Standing Committee of PRIs**

Tier	Sl. No.	Subjects under each committee
Zilla Parishad	1.	Planning, Finance, Anti-Poverty Programme and Co-ordination.
	2.	Agriculture, Animal Husbandry, Soil Conservation, Horticulture, Watershed Development and Fisheries.
	3.	Works, Irrigation, Electricity, Drinking Water Supply and Rural Sanitation.
	4.	Health, Social Welfare including Women and Child Development.
	5.	Public Distribution System, Welfare of Weaker Section, Forest, Fuel and Fodder.
	6.	Handicrafts, Cottage Industry, Khadi and Village Industries and Rural Housing.
	7.	Education, Sports and Culture.
Panchayat Samiti	1.	Planning, Finance, Anti-poverty Programme and Co-ordination.
	2.	Agriculture, Animal Husbandry, Soil Conservation, Horticulture, Watershed Development and Fisheries.
	3.	Works, Irrigation, Electricity, Drinking Water Supply and Rural Sanitation.
	4.	Health, Social Welfare including Women and Child Development.
	5.	Public Distribution System, Welfare of Weaker Section, Forest, Fuel and Fodder.
	6.	Handicrafts, Cottage Industry, Khadi and Village Industries and Rural Housing.
	7.	Education, Sports and Culture.
Gram Panchayat	1.	Planning, Finance and Budget.
	2.	Agriculture, Minor Irrigation, co-operation, Industries and other allied schemes.
	3.	Education, Health and Sanitation including rural Water Supply.
	4.	Welfare of Weaker Sections of Society
	5.	Communication.

Source : PRI Manual.

5.6 No clear picture emerges about regular sittings of the Standing Committees. Proper records should be maintained about the constitution of the committees and the minutes of the meetings.

5.7 GPs are required to prepare their annual action plan and upload the same in the Plan Soft under e-panchayat. There is limited attempt by the GPs to link their financial budget on the basis of the resources available at their disposal or to address service delivery gap in the concerned villages. It has been observed that lack of effective co-ordination with functionaries of line departments of government, absence of proactive participation by members at the Palli Sabha and lack of effective monitoring by supervisory officers are some of the reasons which affect the functioning of GPs. This has circumscribed the scope of decentralised governance under the PRIs.

Panchayati Raj Institutions: Devolution of functions, functionaries and funds :

Devolution of Functions

5.8 After the 73rd Constitutional amendment, the relevant Acts of ZP, PS and GP were suitably amended. Out of 29 subjects enlisted in Schedule XI under the Constitution, the State Government has devolved 21 subjects belonging to 11 departments vide P.R Department Letter No 6886 Dated 04.07.2003. The functions devolved to the PRIs are indicated in **Table 5.2**.

Table-5.2

Devolution functions by the State Government to PRIs

Sl. No.	Functions to be Devolved	Date of transfer
1.	Agriculture including Agricultural extension	25.10.2005
2.	Land improvement, implementation of land reforms, land consolidation and soil conservation.	25.10.2005
3.	Minor Irrigation, Water management and watershed development.	25.10.2005
4.	Animal Husbandry, dairying and poultry.	25.10.2005
5.	Fisheries	25.10.2005
6.	Social forestry and Farm forestry	Not yet transferred
7.	Minor forest Produce	25.10.2005
8.	Small scale industries, including food processing industries	Not yet transferred
9.	Khadi, Village and Cottage Industry	Not yet transferred

Sl. No.	Functions to be Devolved	Date of transfer
10.	Rural Housing	25.10.2005
11.	Drinking Water	25.10.2005
12.	Fuel and fodder	Not yet transferred
13.	Roads, Culverts, Bridges, Ferries, Waterways and other means of communication.	25.10.2005
14.	Rural Electrification, including distribution of electricity.	Not yet transferred
15.	Non-conventional energy sources	25.10.2005
16.	Poverty alleviation programme	25.10.2005
17.	Primary Education	25.10.2005
18.	Technical training and vocational education	Not yet transferred
19.	Adult and non-formal education	25.10.2005
20.	Libraries	Not yet transferred
21.	Cultural Activities	Not yet transferred
22.	Markets and fairs	25.10.2005
23.	Health and sanitation, including hospitals, primary health centres and dispensaries.	25.10.2005
24.	Family welfare	25.10.2005
25.	Women and Child Development	25.10.2005
26.	Social Welfare, including welfare of the handicapped and Social retarded	25.10.2005
27.	Welfare of weaker sections and in particular of the SC and ST	25.10.2005
28.	Public Distribution System	25.10.2005
29.	Maintenance of Community assets	25.10.2005

Source: Government of Odisha.

It reveals from the functions devolved on the PRIs that eight subjects are directly under the administrative control of line departments of the State Government. This has created a gap in devolution of functions. It is felt that for effective discharge of these devolved functions, there is a need of adequate manpower and technical expertise, which are available only with the line departments. It is therefore necessary that adequate manpower and technical expertise available with line departments should be placed with PRIs to fulfil their constitutional mandate. The remaining eight subjects should also follow the same principle.

Devolution of Functionaries

5.9 The transfer of functionaries to the control of PRIs is essential for enabling the local bodies to discharge the assigned functions smoothly and meaningfully. Activity mapping relating to each of the subject devolved to the PRIs has to be done with the involvement and assistance of functionaries associated with the functions. Panchayati Raj Department issued a circular detailing the activity mapping for eighteen functions (out of 21 devolved) consisting of 43 activities coming under 11 departments vide circular No1-PS-1/05(pt-ii)8430(8)/PR dated 24th October 2005.

5.10 The problem of enforcement of the guidelines given in the circular continues to be a challenge. A large number of activities remain either unimplemented or partially implemented for which the activity mapping done by the department is yet to be fully operational by the PRIs.

5.11 The line department functionaries cannot play an effective role in different functions discharged by ZPs, PSs and GPs without their actual transfer to the control of PRIs. The functionaries of different departments are accountable to the PRIs by way of attending meetings, visits to the fields of work in the PRI areas, sanction of leave, writing CCRs, annual report on their performance by the Panchayats, their inclusion in committees constituted at the district level, block level, panchayat level and village level. The involvement of PRIs in execution of various development programmes remains much to be desired.

5.12 ZP is the apex body of the three tier PRIs in a district. It has limitations in terms of manpower and resources. In the existing framework of functioning of ZP, Project Director, DRDA acts as the executive officer of ZP. DRDA having adequate infrastructure and manpower can be engaged to implement all the plans and programmes decided in the meetings of ZP. In this connection, it may be mentioned that PD, DRDA has to function under the control of ZP

along with his other functions as assigned to him under instructions from Government.

5.13 The Gram Panchayats function at the grassroots level of PRI structure. GPs implement various developmental projects at the village level. During field visits, the Commission has observed that GPs do not have adequate manpower both technical and administrative. Presently, the functionaries working directly at the Gram Panchayat level are listed in **Table 5.3**.

Table- 5.3

Functionaries working at Gram Panchayat level

Designation	Area of work	Administrative Department
PEO-Panchayat Executive Officer	Overall co-ordination of GP Administration	PR & DW
GRS-Gram Rozgar Sewak	Implementation of MGNREGS	PR & DW
JE (Junior Engineer) / GPTA(Gram Panchayat Technical Assistant)	Implementation of Development works	PR & DW
Self-Employed Mechanic (SEM)	Looking after drinking water supply	PR & DW
Supply Assistant	Assist in PDS work	PR & DW

Source : GPDP Guidelines, Government of Odisha.

5.14 The LFA Organization in its audit report of PRIs for the year 2016-17 has highlighted the problem of acute manpower shortage at GP level. In a majority of cases, the PEOs are in charge of more than one or two panchayats. There are only 2487 GPTAs managing the project works of all the GPs. The GPTAs and the PEOs are the employees of the Panchayat Samiti. It may be mentioned here that Gram Panchayats receive substantial amount of grants from the government. The shortage of the essential manpower has severely affected the functioning of the GPs and the GPs are not able to spend the CFC and the SFC funds timely leading to huge amount of unutilised funds. The functionaries of other line departments have been made answerable to GPs as presented in **Table 5.4**.

Table- 5.4**Functionaries of other Line Departments answerable to the Gram Panchayat**

Designation	Subjects	Department
Village Agricultural Worker	Kharrif & Rabi Crop Planning	Agriculture & F.E.
Primary Teacher	Primary Education	School & Mass Education
Sevashram Teachers	Primary Education of SC/ST	ST & SC Development, Minorities, Backward Classes Welfare
ASHA/ANM	Health related schemes and programmes	Health and Family Welfare
AWW	Social Security	Women and Child Development & Mission Shakti
Livestock Inspector	Animal Resources	Fisheries & Animal Resources Development.

Source : GDP Guidelines, Government of Odisha.

5.15 Decentralized governance at grassroots level has achieved limited results due to constraints of manpower, infrastructure, technology in addition to lack of convergence of services and resources. With active involvement and accountability of functionaries of line departments the quality of services provided by GPs can be improved substantially.

Devolution of Funds

5.16 For implementing the plans of economic development and social justice and for discharging the functions as enlisted in Schedule XI of the Constitution, huge amounts of funds are provided by the State and Central Governments. In addition, the State Government also provides schematic funds to the GPs from the State budget from time to time. Devolution of funds to the PRIs has increased over the years but the real constraint is the capacity to execute different schemes and projects.

5.17 Since devolution of funds is untied in nature, GPs have a lot of flexibility and discretion to spend as per the decision of the Gram Sabha. It is specifically

intended to bridge the infrastructural gaps and meet the welfare needs of the community.

5.18 GPs have to prepare an annual action plan for spending of funds. The Commission during visit to different GPs noticed that in some cases specific action plan could not be produced. The Commission recommends that all GPs should prepare action plans for five years including annual plan covering the award period.

Urban Local Bodies

Devolution of Functions

5.19 As per the CAG Report on Local Bodies in Odisha (2016-17), out of 18 functions listed under the schedule XII of the Constitution, the Government has devolved 17 functions to the ULBs (except Roads and Bridges). Although roads and bridges have not been transferred to the ULBs, the latter construct and maintain roads within their jurisdiction. There is no uniformity among the ULBs with regard to the discharge of the devolved functions. Some functions are discharged fully and some functions are partly discharged.

5.20 There is no activity mapping in respect of different functions. As a result, the devolved functions have areas of over lapping between ULBs and line departments/agencies. Although some basic services are in the domain of ULBs as per the constitutional mandate, the same are being discharged by line departments/agencies. It may be stated here that agencies like Development Authorities, Special Planning Authorities, Regional Improvement Trusts, Odisha Water Supply and Sewerage Board etc. are partly or fully discharging many functions which have been devolved to the ULBs.

Categorisation of Municipal Functions

5.21 A systematic classification of functions of the ULBs has been made to bring about the much needed uniformity in the functioning of all the municipal bodies of the state. Municipal functions can be categorised as follows:

- a) **Basic Services:** Land use planning including planning for affordable housing and urban livelihood, Water Supply and Sewerage Services, Solid Waste Management, Public Health, Sanitation and Public Conveniences including Ambulance Services, Primary Education, city/town roads, bridges and storm water disposal, street lighting, urban forestry, tree plantation and environment, Parks and Playgrounds, Public Transport and Parking, Energy Supply and Gas Services.
- b) **Regulatory Services:** Registration of birth, death and marriages, maintenance of vital statistics, building permission, destruction of dangerous buildings, unauthorized constructions, regulation of markets, slaughter houses, tanneries and dangerous trades, regulations of lodging houses, camping grounds etc.
- c) **Discretionary Services:** Swimming pools, gymnasium, art galleries, theatres, museums, culture, heritage and aesthetics, kalyan mandap and community centre, municipal employees' welfare etc.

Source: *Report of All India Institute of Local Self Government "Revenue Enhancement Study for Urban Local Bodies in Odisha, November 2018.*

It is needless to mention that all the functions indicated above are discharged at varying level by ULBs and some of the functions are not discharged at all.

Devolution of Functionaries

5.22 Considering the rapid increase in urban population, the ULBs face problems in providing basic services which include road connectivity, water supply, sanitation and drainage, solid waste management, street lights etc. Most of these functions need high level of technical manpower which is normally not available with the small and medium ULBs.

Devolution of Fund

5.23 Urban Local Bodies need adequate finance for discharging mandatory functions within their respective jurisdiction. The Constitution provides for transfer of funds to the ULBs through CFC and SFC mechanisms. An important issue that arises in this connection is the adequacy of funds

devolved and the requirements posed by the ULBs. The gap can be bridged by generation of own resources by ULBs and borrowings. The Commission recommends that Government should facilitate borrowing by ULBs for developmental works.

Recommendations

Panchayati Raj Institutions

5.24 GPDP and Resource Mapping - The effective and efficient utilisation of funds released by both Central and State governments depend largely on the preparation of a comprehensive Gram Panchayat Development Plan(GPDP). The Commission recommends that GPDP should be prepared on the basis of the guidelines issued by the Government along with necessary participation of the people in Palli Sabha and Grama Sabha.

5.25 Manpower and Capacity Building - In order to improve the capacity for utilisation of funds and fund management Commission recommends augmentation of technical and accounting manpower to ensure timely completion of schemes and projects. The Commission recommends additional manpower support such as Accountant-cum-Data Entry Operators, GPTAs for GPs.

5.26 Internet facility at GP level - The use of PRIA Soft by some GPs for recording accounting entries is constrained by unavailability of internet facility. In the absence of internet facilities, it is not possible to collect required information from the GPs on a real time basis. It is therefore recommended that all GPs in the State should be provided with internet facility.

5.27 Financial Inclusion - Financial inclusion is the key to economic and financial empowerment. It is reported that the State has a large number of GPs which do not have a bank branch within a radius of 7 kms. Even, there is no facility of Banking Correspondents (BCs) in several GPs. Banking outlets by scheduled commercial banks, small finance banks etc., which provide financial services have become a dependable model for financial inclusion. The

Commission recommends that unbanked GPs having commercial viability should have some additional accommodation in their office premises for providing banking facility.

Urban Local Bodies

5.28 Decentralised Governance - The ULB statutes stipulate formation of ward committee under the chairmanship of Councillor/Corporator of the ward to discuss the developmental plans of the wards and monitor implementation of different economic and social welfare programmes. This is not being followed in true spirit in most of the ULBs. The Commission therefore recommends that meetings at the ward level should be conducted regularly so as to discharge the duties assigned to the Ward Committee. This will bring a lot of improvement in the standards of service delivery and decentralised governance.

5.29 Financial Record Keeping and Reporting - Reports of the Local Fund Audit Organisation reveal that double entry system of accounting software under the Odisha e-Municipalities Accounting and Audit System is used only in Municipal Corporations and a few other large municipalities. In case of NACs, accounts are still maintained manually. In view of the above, the Commission recommends that all the ULBs may be directed to prepare the accounts under the double entry system of book keeping, maintain the asset register in a systematic manner, undertake annual stock taking and upload the assets record in the National Asset Directory on a regular basis.

CHAPTER-VI

Physical Services in Local Bodies : Availability, Access and Quality

6.1 73rd and 74th constitutional amendments provided strong stimulus to PRIs and ULBs in order to work as viable democratic institutions at the grassroots level. There are some basic services which need to be attended to by the Local Bodies considering essential nature of such services. Such services include drinking water, sanitation, street lights, markets, funeral places and other services which have direct impact on the lives of the citizens.

6.2 The 13th Finance Commission had identified four service sectors viz. Water Supply, Sewerage, Storm Water Drainage and Solid Waste Management for which service standards were to be notified before the year starts and the same has to be planned and achieved during the year. The service sectors in respect of Local Bodies do not have standardised pattern and availability of reliable data becomes difficult. As a result, the Commission faced real difficulties in assessing the service standards, quality and accessibility.

Physical Services provided by PRIs: its availability, accessibility & quality:

6.3 An analysis of the schedule XI of the Constitution shows that 14 subjects/functions out of 29 listed relate to social sectors covering education, health, women and child development, social security and social welfare. Ten functions are linked to the livelihood of the rural people such as agriculture, animal husbandry, fisheries, rural industries & so on, where public intervention at micro level will enhance production and employment opportunities. The remaining functions include creation and maintenance of infrastructure like roads, water supply, maintenance of water-bodies and crematoriums.

6.4 The Commission reviewed some key functions performed by GPs with reference to its availability, accessibility & quality from the information and data given by PR & DW Department and other line departments. The Commission has also dealt with certain issues emerged during interaction with elected representatives and field functionaries.

Sector-wise analysis of the functions performed by GPs is discussed below.

Water Supply :

6.5 Access to safe drinking water is the most critical need and vital for ensuring maintenance of good public health. Rural water supply scheme implemented by the Government include provision of piped water supply schemes, spot sources from funds provided under different on-going programmes/schemes and the Calamity Relief Fund. The previous SFC also recommended funds for 8 mega piped water supply schemes for rural areas. The hand pump and tube well programme continues to focus on coverage of “Not Covered” (NC), problematic, “Partially Covered” (PC) habitations and the villages not having piped water supply.

6.6 The State Government has made significant interventions to improve the quality of drinking water in rural areas. To ensure quality testing, field test kits (FTKs) have been provided and testing is being conducted at the GP level to assess the quality of drinking water. For testing fluoride, salinity and iron found in ground water testing facilities are also available.

6.7 It has been reported by PR & DW Department that efforts are being made to cover all GP headquarters with piped water supply. As per report of the Department as on 31.03.2018, the State Government has been able to implement 10818 Piped Water Supply Schemes (PWS) in rural areas. Besides, 4,52,338 hand pump tube wells and sanitary wells have been installed. Drinking water supply to 1,41,603 habitations have been fully covered out of

1,57,013 habitations in the State. Another, 12636 habitations have been partially covered with potable drinking water by 31.03.2018.

6.8 For extending the reach of rural water supply, State Government has launched “UPANTA” Scheme which aims at identification of villages on the point of “accessibility” for provisioning of tube-well and sanitary well. Each district has identified its “scarcity” pockets. The “BASUDHA” scheme of the Government has been launched with the objective of supplying safe drinking water to all rural households.

6.9 The Department has come up with “Solar Energy based Dual Pump Piped Water Supply” scheme for habitations having population of 100 to 150 @ 40 litre per capita per day. Solar Dual Pump is suitable for habitations having no power supply and in inaccessible pockets. As on 31.03.2019, 8550 numbers of solar pumps have been installed in the State covering more than 8000 habitations with a population coverage of 7.70 lakhs. This is a novel intervention made in the rural water supply sector.

6.10 In order to achieve active participation of GPs in the water supply scheme 30% of 4th SFC funds has been earmarked for expenditure on water supply. Wherever the ownership of the projects has passed on to the GPs, GPs bear the energy bill. The SEM deployed by the GPs attend to routine operation and maintenance of tube wells. The remuneration of SEM (Self Employed Mechanic) is borne by the G.P. out of funds allocated by the Finance Commission.

Sanitation:

6.11 Over the years schemes like Total Sanitation Campaign (1999) and Nirmal Bharat Abhiyan (2012) were launched as Centrally Sponsored Schemes for improving the sanitation in rural India. From October, 2014 Swachha Bharat Mission (Gramin) has been started to provide every household with sanitation facilities such as toilets, solid and liquid waste disposal system and

village cleanliness. But largely, in rural areas of the State, GPs focus on construction of Individual House Hold Latrine (IIHL) under the scheme. As per the base line survey conducted State wide in 2012, the number of household having toilet facilities is indicated below :

Total no. of households	:	90, 20,107
Households having toilets	:	10, 38,127
Toilets required to be constructed:		79, 81,980

This shows that 11.5% of the households had toilet facilities in 2012. Under the Total Sanitation campaign as on 31.12.2018 the State has achieved 84% of households with toilet facilities in 20,960 villages. So far 2081 GPs, 55 Blocks and 4 districts have been declared to achieve ODF status as per the information furnished by PR & DW department. Although there has been good progress, vigorous steps need to be taken to achieve toilet facilities for all households and ODF status for all districts.

Solid Waste Management (SWM):

6.12 In spite of steps taken for construction of household toilets under SBM (Gramin), no visible sign of the GPs taking up solid waste management in the State. The study report brought out by Ministry of Rural Development, Government of India (2016) highlights the Tamil Nadu experience, which has also substantially improved the OSR of the GPs. PR& DW Department can examine the model and try it in some Gram Panchayats on a pilot basis. The Tamil Nadu model has following components:

- a. Active involvement of SHGs
- b. Segregation of waste at source
- c. Sale of recyclable materials to waste buyers & compost to farmers.

The model is indicated in the box below :

The Tamil Nadu State Model of Solid Waste Management (Rural)

The Tamil Nadu Government took a lead in 2013 to evolve community based mechanisms for solid waste management in its efforts to create clear and environmentally sound villages. The success has spurred the State to expand the project to 9000 villages from 2016. The project involves the following steps –

1. Waste stored by households in separate containers are collected by workers appointed by SHGs and transported to a site identified by the G.P.
2. Waste is segregated into bio-degradable, inert and recyclable and is weighed before being disposed in pits/sheds. All this is supervised by women's federations.
3. The G.P. sells the recyclables and hazardous waste to buyers and the compost is either sold to villagers or used in agro-forestry programmes. Funds thus collected become an own source of revenue for the GP.

The Model is a unique example of a partnership between the Government and the people. Under MGNREGS, the Government constructs sheds for storing waste and pays wages of workers and supervisors. Under, SBM, it purchases equipment for waste collection and transport and equipment for protection of workers. The Panchayat provides land for shed, compost pits and landfills. It also handles sale of compost and recyclables. The women SHGs and Federation identify workers and supervisors who monitor the quality of work.

Lessons Learnt from Tamil Nadu Experience :

According to a study conducted by DAY-NRLM the project is given considerable importance and District Collectors are monitoring the work frequently. Data from Tiruvannamalai district during the period August 2015 to March 2016 shows that in the 86 villages where the project was implemented, 1.2 tonnes of compost was sold and 1.8 tonnes of plastic metal was collected. The shredding machine sold around one tonne of plastic for road construction. The Panchayats earned around Rs.60 lakh from compost (@ Rs.5 per kg) and Rs.36 lakhs from recyclables (@ Rs.2 per Kg) in a year. Each village earned around Rs.1.11 lakh.

The State Government also admits that around 10 per cent of the villages have not succeeded in managing their waste for reasons ranging from ineffective Panchayats to villages being very close to urban areas.

(Source – Promoting Solid & Waste Management in Rural India, MoRD, October 2016)

Rural Housing Schemes :

6.13 Rural housing schemes are under implementation through PRIs such as Panchayat Samiti and Gram Panchayat. Pradhan Mantri Awaas Yojana (PMAY-Grameen) and State schemes like Biju Pucca Ghar Yojana (BPGY), BPGY (Mining) and Nirman Shramik Pucca Ghar Yojana (NSPGY) are the schemes sponsored by the Central and State Governments respectively. GPs and PSs not only implement the schemes but also take part in the selection process of beneficiaries.

Rural Roads:

6.14 Approximately, 83% of population of Odisha live in villages (Census 2011). Rural roads are lifeline for the communities especially providing communication to markets, educational institutions, health centres and other public institutions apart from contributing to socio-economic development of rural people. Rural roads of different categories account for 2,13,022 kms and distribution of roads among different categories is indicated in **Table 6.1**.

Table-6.1

Odisha Road Statistics

Sl. No.	Classification	Length (in Km.)	Owning & maintaining Department.
1	Gram Panchayat Roads (Village Roads)	1,34,876	PR & DW Department
2	Panchayat Samiti Road (Village Road)	25,703	PR & DW Department
3	Rural Roads (ODR & Village Roads)	38,906	Rural Development Deptt.
4	Forest Roads (Village Roads)	7,515	Forest & Environment Deptt.
5	Irrigation (Village Roads)	6,022	Water Resources Deptt.
Total		2,13,022	

Source: Odisha Rural Roads, Maintenance Policy, 2017

6.15 Rural roads measuring 1,60,579 Kms are borne in the books of PR & DW Department. This comes to more than 60% of the rural road network.

6.16 GPs and PSs are engaged in road construction and maintenance every year under various Centrally Funded Schemes, State Schemes, Central Finance Commission and State Finance Commission Grants. Despite massive

improvement of rural roads undertaken during the last decade, a large number of habitations/ hamlets still do not have proper accessibility. The Commission has accorded priority to these inaccessible villages/hamlets.

Health Services in Rural Areas:

6.17 Health services in rural areas are pre-dominated by Government Health Centres under the control of the H & FW Department. PRIs have been associated with various committees constituted to monitor the access and quality of delivery of health services.

6.18 Different schemes are implemented under the umbrella of National Rural Health Mission (NRHM) which aims at providing accessible, affordable and quality health care to people living in rural/urban areas.

6.19 The GPs as the local Government at the village level have a crucial role in representing the voice of the people in decision making and delivery of health services. GPs need to work in collaboration with the health functionaries to ensure access to quality health care. In India, involvement of PRIs in public health was first piloted in 36 districts of 9 selected States. Odisha is one of these 9 States where PRIs were involved in health services management. Later on it was extended to all the 30 districts based on lessons learnt.

6.20 For ensuring active involvement and participation of Gram Panchayats in rural health care activities, elected representatives of PRIs have been inducted as Chairperson/Co-Chairperson in various Committees under NHM programme at various levels.

Primary Education :

6.21 School and Mass Education Department have taken a number of initiatives recognising the role of PRIs in the management of Primary Schools and Upper Primary Schools. The Ward Members have been taken as members in the School Management Committee which looks into :

- (i) Development of educational institutions of the feeding area of the School;
- (ii) Ensure enrolment of all non-enrolled children through enrolment drive;
- (iii) Ensure regularity of attendance of children in the school and prevent temporary discontinuance and drop out of children through persuasion of parents.

Vide Resolution No.14212 dated 29.06.2018 of S & M.E. Department, the repair and maintenance work of the buildings of the Government Primary and Upper Primary Schools will be done through the Gram Panchayats and Panchayat Samitis. It is mandated that the expenditure towards repair & maintenance of such schools shall be met out of the funds/grants available with Gram Panchayats. This additional responsibility imposes extra financial liability on Gram Panchayats for which specific budgetary support is needed in order to keep the school buildings in proper condition by regular maintenance and repair.

Other Miscellaneous Services :

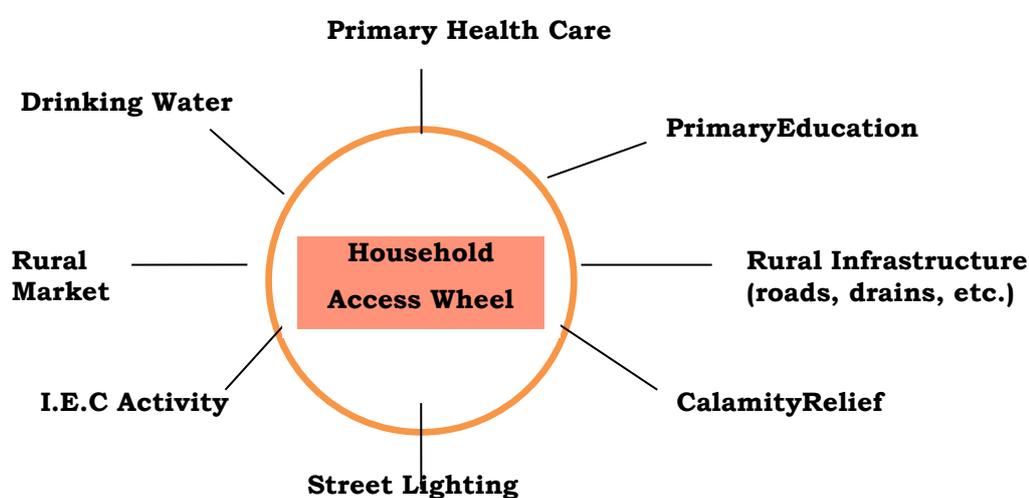
6.22.1 Public Distribution System (PDS) : Upon implementation of Justice Wadhwa Commission report on reforms in Public Distribution System, GPs are now playing a prominent role in storing and distributing PDS commodities in the State. As on 30th November, 2018, 4022 Gram Panchayats out of 6798 GPs in the State are involved in this activity. The GPs almost cater to fifty per cent of families of the State serving 46,57,598 families through PDS outlets managed by them. Jogan Sahayak is allowed to assist those Gram Panchayats in the functioning of PDS. Adequate storage space, wherever required, need to be created in GPs for the purpose. The GPs which are discharging their duties efficiently need to be rewarded by the Administrative Department.

6.22.2 Natural Calamity : Odisha is prone to natural calamities like cyclones, floods and drought at frequent intervals. The involvement of Gram Panchayats in mitigating calamity related distress and devastation should be imperative. Revenue and Disaster Management Department along with Odisha State Disaster Mitigation Authority may look into the scope of involving Gram Panchayats in management of multipurpose cyclone shelters and other calamity relief measures.

6.22.3 Water Bodies : Around 66,000 tanks of various sizes are owned by the Gram Panchayats. Their upkeep, maintenance and renovation rest with the GPs. Over the years some of these tanks have become derelict due to lack of proper maintenance. Some water bodies need renovation at regular intervals so as to yield sufficient revenue for the GPs. Hence, the preservation of water bodies has to be one of the primary concerns of Gram Panchayats.

6.22.4 Crematorium/Village Smanan : GPs also spend some funds on development of crematoria in villages. But such development should conform to some basic standards, as observed by the Commission during field visits. Proper care should be taken by the GPs to provide basic facilities for the public at the cremation ground.

6.23 The schematic activities represented in the diagram below amply demonstrates the services to be provided by the GPs termed as **“Household Access Wheel”**.



These activities are driven to provide the basic amenities with a view to ensuring quality of life in villages and in the process, will help in reducing the migration of rural people to urban areas.

National Rurban Mission :

6.24 In February 2016 the National Rurban Mission was launched by Government of India which aims at development of a cluster of villages to preserve and nurture the essence of the rural community life with focus on equity and inclusiveness without compromising with the facilities essentially considered urban in nature, thereby creating a cluster of “Rurban Villages”. Its outcome envisaged under the Mission are :

- a. bridging the rural-urban divide;
- b. stimulating local economic development with emphasis on reduction of poverty and unemployment in rural areas;
- c. spreading the development in the region and
- d. attracting investment in rural areas.

6.25 In Odisha Rurban Mission has presence in 14 Districts, each district having one cluster. Thus the 14 clusters are divided into three phases :

Table- 6.2

Odisha Rurban Clusters

Sl. No.	Phase	Cluster	District
1	I	Thakurmunda (T) Utkela (T) Ranipada (NT) Talabasta (NT) Samasingha (NT)	Mayurbhanj Kalahandi Khorda Cuttack Jharsuguda
2	II	Dahita (NT) Khallikote (NT) Sibtala (T) Murtama (T) Kotgarh (T)	Bargarh Ganjam Bolangir Nabarangpur Kandhamal

Sl. No.	Phase	Cluster	District
3	III	Raibania (NT) Puttasing (T) Marichmal (T) Kuarmunda (T)	Balasore Rayagada Koraput Sundargarh
	* T-Tribal * NT-Non Tribal		

Source: PR & DW Department

For the above cluster four key priority areas have been identified :

- (i) Skill Development training linked to economic activities in cluster focus on khalli stitching, millet processing, sea food processing, mushroom production, fly ash bricks, pottery, poultry farming etc.
- (ii) Promoting processing units of khalli, turmeric, fish, tomato, cashew, sunflower, spite, paper plates, bakery unit its.
- (iii) Creation of economic infrastructure like market complex, village haat, Eco Tourism cottage, procurement and development centre, community cum multipurpose hall etc.
- (iv) Promotion of agriculture and animal husbandry activities like agriculture service & kiosk centre, milk collection unit, animal hostel for goatery and cow/buffalo etc.

Recommendations :

6.26 To improve the functioning of GPs, Commission has the following recommendations.

- a. GPs should play active role in water quality monitoring and provide hygiene education with necessary participation from the community members.
- b. GPs should take the ownership of roads lying within the jurisdiction of Gram Panchayats and monitor constantly their improvement and maintenance.
- c. Cost over-runs in projects due to delay must be avoided, so that the benefits can accrue to the people in time.

- d. The elected representatives of PRIs need to be properly trained on various aspects of developmental and welfare schemes of Government so that they participate and effectively monitor the progress under the schemes.
- e. Comprehensive guidelines need to be circulated for the GPs for tank renovation in order to have meaningful utilisation of funds along with convergence of funds available under MGNREGS.
- f. For promotion of technology in rural areas Information and Communication Technology (ICT) at the GP levels can be used to improve the service delivery.

Physical Services by ULBs: Its availability, accessibility & quality :

Urban Odisha Demographic Profile :

6.27 Odisha ranks as the third lowest urbanised State in the Country though it is the 9th largest State by geography and 11th largest by demography. As per Census 2011, urbanisation rate of the State stands at 16.68 per cent, as against the national average of 31.16 per cent. However, there is considerable inter-district variation in urbanisation levels. Of the nearly 7 million urban residents in Odisha, about half of the urban population (3.32 Million) is concentrated in four districts – Khurda, Cuttack, Ganjam and Sundargarh. The State has a total of 114 Urban Local Bodies – 5 Municipal Corporations, 48 Municipalities and 61 Notified Area Councils. The **Table 6.3** and **6.4** indicate the trend of urban growth in Odisha and the percentage of urban population with decadal growth in 30 districts :

Table 6.3

Census Year	Total No. of statutory towns & census towns	Total Population	Total Urban Population	Decennial growth of Urban Population
1951	39	1,46,45,946	5,94,070	
1961	62	1,75,48,846	11,09,650	86.79
1971	81	2,19,44,615	18,45,395	66.30
1981	108	2,63,70,271	31,10,287	68.54
1991	124	3,16,55,736	42,34,983	36.19

Census Year	Total No. of statutory towns & census towns	Total Population	Total Urban Population	Decennial growth of Urban Population
2001	130	3,67,06,920	54,96,318	29.78
2011	223 (statutory towns-107 & census towns-116)	4,19,74,218	70,03,656	26.90

Source: Respective Census Reports

Table 6.4

Population, 2011 Census (Odisha) Urban

Sl. No.	Name of the District	Population (in 000 Nos.)		Percentage of total population	Decadal growth rate 2001-2011	
		Total	Urban		Urban	Total
1	Angul	1274	207	16.21	30.4	11.7
2	Balasore	2320	253	10.92	14.9	14.6
3	Bargarh	1481	150	10.13	45.0	10.0
4	Bolangir	1649	197	11.97	27.9	23.3
5	Bhadrak	1506	186	12.34	31.7	12.9
6	Boudh	441	20	4.63	13.3	18.2
7	Cuttack	2625	736	28.05	14.8	12.1
8	Deogarh	312	22	7.16	11.4	14.0
9	Dhenkanal	1193	118	9.85	26.5	11.8
10	Gajapati	578	71	12.23	33.6	11.4
11	Ganjam	3529	768	21.26	38.0	11.7
12	Jagatsinghpur	1137	116	10.20	11.0	7.5
13	Jajpur	1827	135	7.39	85.1	12.5
14	Jharsuguda	580	231	39.89	24.4	12.6
15	Kalahandi	1577	122	7.74	21.7	18.1
16	Kandhamal	733	72	9.86	63.9	13.1
17	Kendrapara	1441	84	5.80	12.7	10.6
18	Keonjhar	1802	253	14.05	18.8	15.3
19	Khurda	2251	1084	48.16	34.6	19.9
20	Koraput	1380	226	16.39	14.0	16.9
21	Malkangiri	613	49	8.08	43.1	21.6
22	Mayurbhanj	2520	193	7.66	23.9	13.3

Sl. No.	Name of the District	Population (in 000 Nos.)		Percentage of total population	Decadal growth rate 2001-2011	
		Total	Urban		Urban	Total
23	Nawarangpur	1221	88	7.18	47.8	19.0
24	Nayagarh	963	80	8.28	115.1	11.4
25	Nuapara	610	34	5.58	13.4	15.0
26	Puri	1699	265	15.60	29.8	13.0
27	Rayagada	968	147	15.18	27.3	16.5
28	Sambalpur	1041	308	29.59	21.4	11.9
29	Subarnapur	610	50	8.18	24.6	12.6
30	Sundargarh	2093	738	35.26	17.3	14.4
	Odisha	41974	7003	16.69	26.9	14.0

Source: Population, 2011 Census

(Report: Districts at a Glance, 2018 Directorate of Economics & Statistics)

6.28 On an analysis of figures indicate that in 1951, there were only 39 Urban Centres including census towns in Odisha, which has grown upto 138 in 2001 and 223 in 2011. The percentage of population living in urban areas in the State has gone up from 3% in 1951 to 14.97% in 2001 and 16.68% in 2011. The Census figures of 2011 reveal that urbanisation in the State has increased faster than expected. This has reversed the declining trend in the growth rate of the urban population observed during 1990s. For the first time since independence, the absolute increase in urban population was higher than that of the rural population. This has created additional pressure on infrastructure facilities and basic civic amenities in urban areas.

Functional Domain of ULBs:

6.29 The Municipal bodies in the State are vested with a long list of functions delegated to them by the State Government under Municipal legislations. These functions broadly include public health measures, welfare activities, regulatory functions, public safety, public infrastructure works and development activities etc. Of late new activities like urban transport,

affordable housing and urban open space management have been added to the functional kitty of ULBs.

6.30 The Odisha Municipal Corporation Act, 2003 lists obligatory functions of Municipal Corporations in Section 24 of the Act and discretionary functions in Section 25 of the Act. The Act states that it shall be “incumbent on the Corporation to make adequate provisions” with regard to its obligatory functions. Pertaining to Municipalities and NACs, Section 117 of the Odisha Municipal Act, 1950 lists the purposes for which the Municipal fund is applicable.

6.31 The basic functions as prescribed under the Acts and Rules of the Municipalities exert tremendous pressure on the Municipal finance. As a result availability, access and quality of these services get directly or indirectly affected due to paucity of funds. An assessment regarding such services as provided by ULBs is discussed below.

Water Supply :

6.32 Safe drinking water being essential for human existence assumes priority over other basic services. Rapid urbanisation, increased health awareness and high aspirational level of the citizens has made it imperative as the part of the Government and the Urban Local Bodies to focus on issues relating to drinking water supply.

6.33 Odisha State Urban Water Policy 2013 gives emphasis on adequacy and equity in water supply, physical coverage and water quality through monitoring protocol. With a view to ensuring service delivery and sustainability, certain parameters have been spelt out as indicated in **Table 6.5.**

Table 6.5

Priority	Indicative Parameter	Target
Service Delivery		
1.	Water Quality	100%
2.	Adequacy	70 LPCD(Minimum) 135 LPCD (Desirable)
3.	Coverage (Physical)	100%
4.	Coverage (Household)	100%
5.	Residual Pressure (Minimum)	7m
Sustainability		
1.	Energy Efficiency	PF > 95% BEE rated equipment
2.	Metering	100%
3.	Non-Revenue Water	Max 15%
4.	Cost Recovery	100%
5.	Automation	100% Cities – Semi Automation System

Source: Chief Engineer, PH, Urban

The status of drinking water supply in ULBs as brought out by a study is indicated in **Table 6.6**.

Table 6.6

Status of Drinking Water Supply in ULBs (Selected) – Study.

(As on 31.03.2018)

Sl. No.	Name of the ULB	Total No. of Wards	LPCD	Status of wards covered with PWS		
				Fully	Partly	Uncovered
1.	Bhubaneswar MC	67	267	26	41	0
2.	Cuttack MC	59	154	44	15	0
3.	Berhampur MC	40	122	07	33	0
4.	Rourkela MC	40	177	20	13	07
5.	Sambalpur MC	41	181	22	18	01
6.	Baripada Municipality	28	134	23	05	0
7.	Balasore Municipality	31	124	20	11	0
8.	Bhadrak Municipality	30	57	03	27	0
9.	Puri Municipality	32	126	19	13	0

Sources: Chief Engineer, PH, Urban

6.34 The State government has embarked upon various schemes to provide safe drinking water to all the households in ULBs. The water supply in most cities and towns is available for a few hours per day.

6.35 For water quality monitoring the PHEO has commissioned 7 water-testing laboratories in cities of Bhubaneswar, Berhampur, Cuttack, Puri, Balasore, Baripada and Sambalpur in addition to an advanced state level laboratory with high end equipment has been set up.

6.36 The following goals may be persuaded by the Government to have a reliable and sustainable water supply system in urban areas.

- (i) Minimum availability of 70 LPCD to be ensured on priority, subsequently increased to 135 LPCD. The continuity of supply has to be progressively increased to attain 24x 7.
- (ii) 100% house-holds level coverage to be ensured by direct piped house connection.
- (iii) The total water production needs to be accounted for by attaining 100% metering.
- (iv) The tapping of ground water for drinking purpose need to be reduced to the minimum and usage of treated surface water to be encouraged.
- (v) For realisation of water tariff the bill collection activity can be considered to be outsourced in order to achieve collection efficiency.

6.37 A new model of management of Water Supply System in Urban areas has been formulated by the Government by creating wholly owned Company in the name of Water Corporation of Odisha Ltd. (WATCO) with the objectives indicated vide Housing and Urban Development Department Notification dated 9th July, 2015 (**Annexure-6.1**). On an analysis of the objectives, it reveals that the Company will undertake to collect water and sewerage service charges on behalf of the Urban Local Body. It will also review an established revision of

tariff and charges of water and sewerage systems from time to time. It can also outsource part of its activities to achieve higher efficiencies and outcomes in the achievement of its business goals. These are some of the objectives listed among eleven items. At present the Water Supply system is being created and maintained by the Public Health Engineering Organisation (PHEO). This Company will take over the functions in regard to operation and maintenance of water supply and sewerage services from the PHEO. It is not known as to what extent the new model will achieve success. However, the Commission recommends that participation of municipal authorities in the management of affairs of the Company would facilitate smooth functioning of the Company and meet the Constitutional obligations.

Solid Waste Management (SWM) :

6.38 Solid Waste Management is one of the key functions of the ULBs. Municipal Solid Waste Management (MSWM) refers to a systematic process that comprises of waste segregation & storage at source, primary collection, secondary storage, transportation, secondary segregation, resource recovery, processing, treatment and final disposal of solid waste. As per SWM Rules-2016, SWM system should include an effective system of door to door collection, source segregation, processing of waste as far as feasible technology and land-filling of the wastes.

6.39 So far as solid waste management is concerned most of the ULBs in the State have taken various steps for collection of MSW from market places and community bins, street sweeping, bush cutting, drain cleaning, transportation and disposal at the dump yard has been carried out by the ULBs on their own. However, started with Bhubaneswar Municipal Corporation and being replicated in many other ULBs of the State for about last seven years door-to-door collection and all aforesaid activities are carried out by involving SHGs, NGOs and private operators. It has been a gradual transition from fully ULB operated activity to a mix of ULB and Public-Private-Community Participation

(PPCP) model. The wastes collected are transported to an identified dump yard for disposal. So far as cleaning of the streets is concerned mechanised cleaning services may be introduced gradually. The **Table 6.7** briefly indicates the estimated garbage generated and its subsequent handling by all statutory towns (107) excluding the newly constituted ones (07) as on March 2016.

Table 6.7**SWM & its handling activities**

SL. No	SWM & its handling activities (Statutory towns only)	Total (State)
1.	Total Solid waste generated daily (in MT)	1791 (MT)
2.	Total Waste Collected (daily)	1254 (MT)
3.	Total Waste transported (daily)	1191 (MT)
4.	No. of Cities with SWM disposal facility	Nil
5.	Total Solid waste treated	Nil

Source: H & UD Deptt.

6.40 Earlier, an experiment of the H & UD Department for cluster approach (by clubbing adjacent ULBs) for developing common SWM facilities in processing and landfill could not meet with success mainly due to low density of urban population i.e. 269 per sq.km. Further there are financial constraints for an effective SWM system.

6.41 The use of mechanised equipment in sweeping/cleaning is limited. Some Municipal Corporations and few Municipalities have introduced mechanical sweeping in some localities. There is a need for introducing mechanical sweeping in all the ULBs in a phased manner. 12th Finance Commission has given special thrust to the mechanised intervention in SWM activities. As the requirement of funds is huge, adequate budgetary allocation along with the financial support from the State Finance Commission or Central Finance Commission can lead to a satisfactory arrangement of SWM.

Sanitation & Sewerage :

6.42 Odisha Water Supply & Sewerage Board (OWSSB) has been assigned with the responsibility for management of sewerage in urban areas in the State. According to Census, 2011, out of approximately 70 lakh people staying in urban areas 64.8 per cent of households do have individual household latrines and 58.8 per cent households using toilets have septic tanks. But only 2 per cent liquid waste is treated through formal sewage treatment. At present no ULBs other than Puri, Bhubaneswar (Part) and Cuttack (Part) have any effective sewerage system inside the urban limits.

6.43 Since sewerage system requires comprehensive technical planning and huge capital; it has become a big challenge for urban centres. However, with the support of Swachha Bharat Mission (SBM) scheme of Government of India for provisioning of household toilets, public and community toilets, special thrust is given to improve the situation. As per the report of H & UD Department, 96,188 Individual Household Latrines have been constructed under this scheme and SULABH International have been partnered with for construction and maintenance of public and community toilets. 209 cess pool emptier vehicles have been made available to 110 ULBs. In addition, 6 septage treatment facilities in 6 ULBs have been commissioned.

6.44 The H & UD Department has come out with “Odisha Urban Sanitation Policy, 2017” for addressing the issues in a holistic manner. The Policy is broadly based on the following principles:

- (i) Sanitation will be treated as a basic Urban Service;
- (ii) Equity and safety of access and use shall be ensured;
- (iii) Efforts shall be undertaken to increase the awareness of the collective goal of sanitised cities;
- (iv) Institutional roles and responsibilities will be defined and capacity will be developed;
- (v) Special emphasis on O & M of sanitation infrastructure shall be ensured;

- (vi) Appropriate technology and solutions shall be chosen with reference to the context of cities and
- (vii) Broader environmental concerns in the urban service delivery will be addressed.

6.45 The Policy aims at achieving in another ten years the following :

- (i) Urban areas are made Open Defecation Free (ODF) and Open Discharge Free;
- (ii) Solid waste is safely managed and treated;
- (iii) Sewage, septage/faecal sludge and liquid waste is safely managed, treated and disposed;
- (iv) Safety standards and guidelines are followed in the physical handling and management of waste;
- (v) Women and girls have access to safe menstrual hygiene management and
- (vi) Cities/towns do not discharge untreated waste (water and faecal waste) into the water bodies.

Septage Management :

6.46 For all urban areas of the State Government has come up with a Septage Management Plan in 2016, which mainly focuses on faecal sludge management. Provision for nine AMRUT towns, viz, Bhubaneswar, Cuttack Berhampur, Sambalpur, Rourkela, Baripada, Balasore, Bhadrak and Puri (which comprise almost 50% of the State's urban population) is made for septage treatment facilities under Faecal Sludge Management Plan, which includes the storage, collection, transportation, treatment and safe end use. Procurement of Cess-Pool emptiers for the purpose have been made by utilising 4th SFC fund. It is planned to extend this scheme for all ULBs in a phased manner.

Other Key Services of ULBs :

6.47 Among other development and welfare functions rendered by ULBs of the State, construction of roads, drains, development of parks and playgrounds, improvement of markets and daily haats, community centres, kalyan mandaps, public conveniences, development and maintenance of water bodies, crematorium, street lighting are the important ones. Of late, Municipal Corporations have started engaging in providing public transport facilities.

6.48 The standards of services rendered by ULBs on the aforesaid functions are found to be varying in terms of scale, efficiency and competency. For supplementing and improving the urban services under the **“New Urban Agenda”** by Government of India, schemes like AMRUT, Swachh Bharat Mission (SBM), National Smart City Mission, HRIDAY (heritage city development) etc. have been launched. Excepting SBM, other schemes are for identified cities. Apart from Government funding, the guide lines of the schemes encourage the ULBs to avail fund from outside sources. The project management under these schemes can be done under PPP mode. The thrust areas under these schemes are: water supply, sewerage and septage management, storm water drains, urban transport and green spaces and parks.

6.49 With a view to augmenting and upgrading urban infrastructure services, State Government has come up with a scheme called “Urban Transformation Initiative” (UNNATI) since August 2017. It is a multi-sectoral plan that aims at all-round inclusive development of urban areas of the State by achieving 100% piped water supply and 100% energy efficient LED street lighting along with provision for key social infrastructure such as kalyan mandap, crematorium, water bodies, parks etc. Under the scheme, a total number of 11,731 projects costing Rs.437 crores are approved out of which 4000 projects are already completed.

Table 6.8 indicates the sectoral break-up of projects and percentage of allocation under the scheme:

Table 6.8
Percentage of allocation on different activities

Sl. No.	Nature of projects	Percentage
1	Construction of roads, culverts & drains.	75%
2	Construction of Kalyan Mandap/ Community Centre.	15%
3	Markets, Water Bodies, Libraries, Crematoriums	07%
4	Construction of safety walls	02%
5	Construction of toilets/urinals/ Bathing ghats.	01%

Source: H & U.D. Department

6.50 In addition to the above scheme, State Government is supporting all the ULBs for “Energy Efficient” Smart LED Street Lighting. The scheme has got twin components “Retrofitting” (changing the existing lighting system) and “Green field” (extending lighting to uncovered wards/streets). Under retrofitting in 5 Municipal Corporations, 76,533 points are targeted and in rest 109 ULBs, 2, 35,000 points are identified. Under green field component, a total of 61,079 points are targeted. The total project investment is estimated Rs.380 crore under retrofitting and Rs.269 crores for green field. The entire activity is outsourced with seven years maintenance contract as per information furnished by H & U.D. Department.

6.51 The total expenditure made by all ULBs for provisioning of varieties of services in last three years, is indicated in **Table 6.9**.

Table 6.9**Total Expenditure of all ULBs****(Rs. in lakh)**

Year	Maintenance of public utility	New Development work	Up-gradation of Capital Assets	Street lighting maintenance	Water Supply	Sanitation & SWM	Others	Total
2015-16 (Actual)	13734.14	29369.80	14052.14	7322.46	1958.58	9306.12	20969.54	96712.78
2016-17 (Actual)	13337.51	25157.56	22122.07	7998.69	2179.41	10648.39	20369.84	101813.47
2017-18 (RE)	16666.77	23503.09	15420.89	6263.34	1026.03	11194.47	15084.21	89127.80
Total	43738.42	78030.45	51595.10	21553.49	5164.02	31148.98	56423.59	287654.05

*Source: H& UD Department***Ease of Living Index (ELI)**

6.52 Odisha Economic Survey 2018-19 (p-125) reveals that the Ministry of Housing and Urban Affairs, Government of India has developed an Ease of Living Index (ELI) in order to assess the liveability of the growing urban centres. The index is built by taking 78 indicators grouped into 15 categories and organised under four pillars. These pillars are closely linked to good quality of life and sustainable development goals. The first assessment of ELI relating to 111 Indian cities reveals that Odisha is the second best State to live in, following Andhra Pradesh. This is certainly a matter of great satisfaction but critical gap in providing basic services in ULBs continue to be a cause of concern because of the requirement of massive investments.

Recommendations :

6.53 The recommendations of the Commission which aim at improving urban services and functional efficiency of ULBs are as follows:-

- a. For achieving proper coordination and involvement of Municipal Bodies, H & UD Department need to put in place a frame work of guide lines relating to the functioning of line agencies like

Development Authorities, Sewerage Board, PHEO, Director Town Planning and others.

- b.** Management of markets, daily haats should remain with the ULBs within which such markets exist.
- c.** ULBs need to develop Integrated Urban Accessibility Planning (IUAP) which must include: (i) Data Collection and Mapping, (ii) Analysing the magnitude of the problems and (iii) type of intervention required.
- d.** Land transfer by Revenue & Disaster Management Department to ULBs for creation of capital assets, public service utilities, development of landfill sites and other ancillary activities need to be simplified. A land transfer policy to ULBs needs to be formulated.
- e.** The spending capacity of all Municipal Bodies does not match with the level of manpower that is required for providing a minimum level of basic services. Hence, Government need to strengthen the human resources for speedy utilisation of funds.
- f.** Each Urban Local Body should have a drainage master plan in order to avoid the problems of water logging during rainy season.
- g.** Urban Open Space Management Planning should form an important activity of the ULB. State Government need to formulate a suitable policy in the light of “Urban Greening Guidelines, 2014” of Government of India.
- h.** The Commission feels the necessity of setting up of one state level institute with professional experts so as to impart training regularly to the manpower and elected representatives engaged in urban administration.
- i.** Population should not be the whole and sole criteria for declaring “a transitional area” “a smaller urban area” and “a larger urban

area”. Article 243 Q(2) of the Constitution of India catalogues various factors i.e. population of area, the density of the population, the revenue generated in the area for local administration, percentage of employment in non-agricultural activities, the economic importance or such other factors need to be considered.

CHAPTER-VII

ASSESSMENT OF FINANCES OF PANCHAYATI RAJ INSTITUTIONS

Introduction :

7.1 Assessment of finances of PRIs broadly include analysis of resources available from different sources and expenditure incurred out of these funds by them. The funds available include their own source of revenue, funds flowing from the State and Central Governments by way of devolution, assignment of taxes, Grants-in-aid and funding under different schemes. It is necessary to analyse the financial situation of PRIs in the light of their own source of revenue, devolution of funds on the recommendation of the SFC and CFC as well as the transfer of funds under various schemes of the Government. Analysis has to be made with regard to the expenditure made by the PRIs out of their different sources of income.

Constitutional Provision :

7.2 Further, Article 243H of the Constitution, the Legislature of a State may, by law, a) authorise a Panchayat to levy, collect and appropriate such taxes, duties, tolls and fees in accordance with such procedure and subject to such limits; b) assign to a Panchayat such taxes, duties, tolls and fees levied and collected by the State Government for such purposes and subject to such conditions and limits, and c) provide for making such Grants-in-aid to the Panchayats from the Consolidated Fund of the State.

7.3 Out of three tiers of PRIs, only GPs have taxation powers and the other two tiers namely Panchayat Samiti and Zilla Parishad do not have any power to levy and collect tax or non-tax under the law. They mostly rely on the devolution, assignment of taxes and Grants-in-aid as well as inter-governmental transfer from the State and Central Governments for

implementation of specific development programmes. GPs have been empowered under sections 55, 71, 83 & 91 of Odisha Gram Panchayat Act, 1964 as well as Rules 32 to 56 of Odisha Gram Panchayat Rules, 1956 to levy and collect taxes, rents and tolls. **Table 7.1** indicates the types of taxes, tolls or fees which a G.P is empowered to collect under the law.

Table- 7.1

Major types of Taxation power of the GPs in Odisha	
i.	a vehicle tax
ii.	a latrine or conservancy tax ;
iii.	a water-tax;
iv.	a lighting tax for public streets or buildings
v.	a drainage tax;
vi.	a fee on private markets,
vii.	a fee animals brought for sale
viii.	fees for regulating the movement of cattle for the protection of corps;
ix.	fees for use of any building, structure, shop, stall, pen or stall in public markets;
x.	fees for use of slaughter houses and cart-stands maintained by the Gram Panchayat ;
xi.	rent from temporary occupiers of open grounds, structures or buildings belonging to or maintained by the Gram Panchayat;
xii.	license fees on brokers, commission agents, weigh men and measures;
xiii.	any other tax, rate or fee which a G.P. is empowered to impose by any law in force;
xiv.	any other tax, toll, fee or rate as may be decided by the G.P. subject to approval of the State Government.

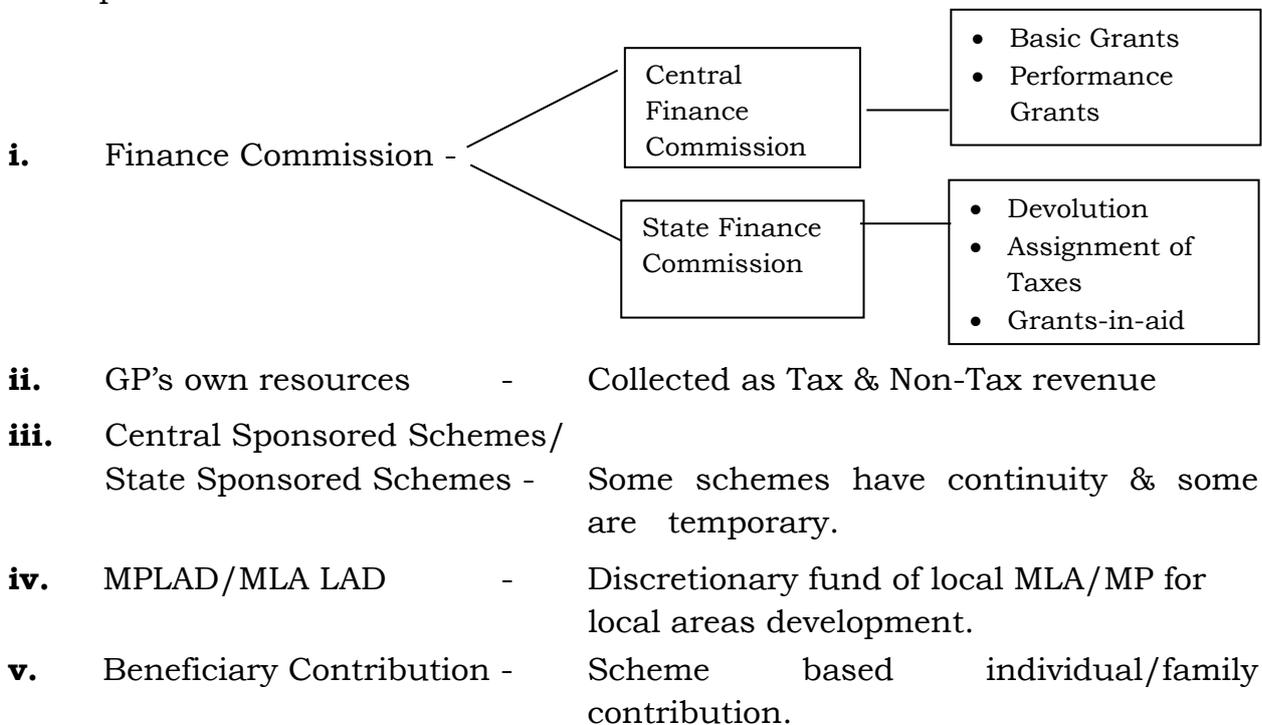
Source- Odisha Grama Panchayat Act

7.4 The sources indicated under the statute do not have much elasticity. Total collection from vehicle tax has been Rs.15.23 lakh, Rs.16.45 lakh and Rs.18.45 lakh during the years 2015-16, 2016-17 and 2017-18 respectively. It has been found that market fees and income from pisciculture have been

important sources of revenue for the GPs. Therefore, Commission would like to recommend that income from these two sources needs to be augmented by creation and development of new market complexes and renovation of tanks for pisciculture.

Resource Envelope of PRIs :

7.5 Broadly, there are five sources of funds for the PRIs in Odisha. They are classified as tied and untied. Generally, devolution from Finance Commission is untied in nature and the rest resources have specific purpose and therefore tied up resources. The details are as follows:



Own Source of Revenue (OSR) of GPs:

7.6 Imposition of taxes enjoins upon GPs to deliver public services to the citizens. Hence, there is an accountability entrusted on the part of PRIs to the citizens. The taxes listed under the GP Act do not have much scope for increasing revenue from their own sources. As such they have to depend on devolution, assignment of taxes and Grant-in-aid recommended by the SFC as well as CFC. While PRIs have generally been found deficient in their efforts in raising of own sources of revenue, there has been a significant flow of money to

them through Central/State sponsored schemes, since the GPs have become base level agencies for implementing various schemes of the Government.

7.7 The Commission faced difficulties in analysing Panchayat revenues due to paucity of information and low quality of data. During the visits of the Commission to some Panchayats, it was observed that revenue mobilisation by the Panchayats is extremely low and there are significant inter-Panchayat variations. Large numbers of Panchayats have not collected any tax and, if collected, only a few sources have been tapped.

7.8 Apart from tax revenue, major types of non-tax receipts collected by the GPs include market fees, leasing of village tanks, orchards, ferry ghats, rent from kalyan mandap and market complex, building plan approval, rent from capital assets, mobile tower, etc. **Table 7.2** depicts the comparative picture of revenue from tax and non-tax sources for three years from 2015-16 to 2017-18.

Table - 7.2

Taxes and Non-Tax Revenues of GPs.

(Rs. in Lakhs)

Year	Total Tax Revenue	Total Non-Tax Revenue	Total Internal Receipts
2015-16	781.00	1893.00	2674.00
2016-17	869.00	2660.00	3529.00
2017-18	925.00	2964.00	3889.00

Source: PR &DW Department

7.9 **Table 7.3** describes source-wise total internal revenue of GPs for the last three years from 2015-16 to 2017-18 :

Table - 7.3**Own Sources of Revenue of GPs****(Rs. in lakh)**

Year	Vehicle Tax	Water Charges for DW	Lighting Tax	License Fees	Market Fees	Ferry Ghat	Pisciculture Tank lease	Orchard	Building Plan approval charges	Collection of fees from capital assets	Others (Mobile towers, fees from Mela /fare etc.)	Total receipts of all GPs
1	2	3	4	5	6	7	8	9	10	11	12	13
2015-16	15.23	350.60	260.30	155.40	395.60	28.60	670.54	145.20	12.60	585.30	55.27	2674.64
2016-17	16.45	425.30	262.30	165.40	400.25	35.60	815.60	150.45	25.60	680.45	551.86	3529.26
2017-18	18.45	450.60	275.80	180.25	425.15	25.30	802.30	150.15	35.40	685.20	441.00	3489.60
Total	50.13	1226.50	798.40	500.33	1220.46	89.50	1288.30	445.62	73.60	1950.50	1048.13	8691.47

Source: PR & DW Department

7.10 On analysis of the data presented in the above table reveal that the level of Own Source of Revenue (OSR) of the GPs is low. Excepting income from pisciculture and fees collected from Mobile towers, melas and fairs, there is no improvement in the collection of tax and non-tax revenue. The GPs have been devolved with the power to collect fees for approving building plans at the GP level. However, it appears that most of them are not able to make the optimal use of the same. In absence of information of demand against each source, the collection efficiency could not be assessed. The per capita OSR share per annum comes to Rs.7.50 in 2015-16, Rs.9.89 in 2016-17 and Rs.9.78 in 2017-18. The increased share of non-tax revenue of the GPs in comparison to the tax revenue also signifies the willingness of the villagers to pay for the use of capital assets provided by the GPs. Creation of revenue generating capital assets should have a positive impact on the collection of user charges. During the period from 2015-16 to 2017-18, the GPs in the State have received grants for creation of income generating capital assets to the tune of Rs. 337.60 crore. The utilisation of this grant in time, would lead to further increase in their own revenue. However, it need to be emphasised that the OSR of GPs need to be augmented substantially in order to contribute to their financial strength.

Transfer of Funds to PRIs (CFC & SFC) :

7.11 The quantum of funds released under 14th FC & 4th SFC are given in **Table 7.4** and **Table 7.5** respectively :

Table-7.4**Transfer of Funds to PRIs under the recommendation of 14th FC****(Rs. in lakh)**

Sl. No.	Year	Zilla Parishads	Panchayat Samities	Gram Panchayats	Total
1	2015-16	0	0	95572.29	95572.29
2	2016-17	0	0	149664.00	149664.00
3	2017-18	0	0	152871.00	152871.00
Total		0	0	398107.29	398107.29

Source : Budget document, Finance Department

Table-7.5**Transfer of Funds to PRIs on the recommendation of 4th SFC****(Rs. in lakh)**

Sl. No.	Year	Zilla Parishads	Panchayat Samitis	Gram Panchayats	Total
1	2015-16	9086.21	51254.02	62137.53	122477.76
2	2016-17	11775.98	55607.38	68487.11	135870.47
3	2017-18	17019.01	61693.38	78189.05	150901.44
Total		37881.20	168554.78	202813.69	409249.67

Source: Budget document, Finance Department

7.12. The above Tables indicate that an amount of Rs.3981.07 crore was transferred to PRIs during the period from 2015-16 to 2017-18. Fourteenth Finance Commission did not consider any fund transfer in favour of PSs and ZPs. An amount of Rs.4092.50 crore was transferred on the recommendations of 4th SFC out of which the share of ZPs has been Rs.378.81 crore. Share of PSs and GPs have been Rs.1685.55 crore and Rs.2028.14 crore respectively.

7.13 The institution-wise transfer of resources to PRIs on the recommendation of 4th SFC is given in **Table 7.6**:

Table- 7.6

Institution-wise Transfer of Resources to PRIs (4th SFC)

(Rs. in Lakhs)

Year	GP/PS/ZP	Devolution	Assignment of Taxes	Grants-in-aid
2015-16 (Actual)	GP	37059.00	3369.57	21708.96
	PS	9963.00	38995.02	2296.00
	ZP	2355.00	1731.21	5000.00
	Total	49377.00	44095.80	29004.96
2016-17 (Actual)	GP	37059.00	4610.11	26818.00
	PS	9963.00	43119.38	2525.00
	ZP	2355.00	1920.98	7500.00
	Total	49377.00	49650.47	36843.00
2017-18 (Actual)	GP	37059.00	4896.05	30234.00
	PS	9963.00	48952.38	2778.00
	ZP	2355.00	2164.01	12500.00
	Total	49377.00	56012.44	45512.00

Source : Budget document, Finance Department

7.14. The break-up of transfer of funds under devolution, assignment of taxes and Grants-in-aid has been shown in the above Table. The amount of funds transferred under devolution and Grant-in-aid has to be spent on different developmental projects. If spent properly by the PRIs it would fulfil the local needs and aspirations. It is therefore necessary to augment the capacity of Local bodies for spending the funds timely.

Expenditure by Gram Panchayats:

7.15 All GPs are actively involved in the implementation of major Centrally Sponsored Schemes like MGNREGS, Pradhan Mantri Awas Yojana (PMAY), Deen Dayal Antodaya Yojana under National Rural Livelihood Mission, Sansad Adarsh Gram Yojana, National Rurban Mission and State Sponsored Schemes

like-Biju Pucca Ghar Yojana (BPGY), Gopabandhu Gramin Yojana (GGY) and Ama Gaon Ama Bikash (AGAB), which significantly contributes to the socio-economic development of the GPs.

7.16 So far as expenditure incurred out of their own income, the following **Table 7.7** indicates head wise expenditure.

Table-7.7
Expenditure of Gram Panchayats out of their Own Income

(Rs. in lakh)

Year	Establishment	Maintenance	New Dev. Work	Up Gradation of Capital Assets	Others	Total Expenditure
1	2	3	4	5	6	7
2015-16	850.20	450.25	940.44	248.15	185.60	2674.64
2016-17	869.65	455.65	1050.20	650.56	503.20	3529.26
2017-18	917.15	415.25	1130.25	785.25	634.29	3882.19
Total	2637.00	1321.15	3120.89	1683.96	1323.09	10086.09

Source : PR&DW Department

The level of income out of their own source and expenditure made there from indicates that, establishment expenditure accounts for more than 25% of the total expenditure. Besides, there is a sudden jump with regard to other expenditures which include contingency, wages etc. Since there is low income out of their own source, GPs should observe economy and save resources for qualitative improvement in basic services.

7.17 The SIRD & PR, Bhubaneswar was entrusted with a study by the Commission regarding utilisation of funds as per recommendations of 4th SFC and 14th FC. The Institute made a study on sample basis and selected the districts of Khurda, Sundergarh and Nabarangpur. It has been found out by the Study that while funds allotted under the assignment of taxes to PRIs on the recommendation of 4th SFC has been fully spent in 2015-16, 2016-17 and 2017-18, expenditure relating to provision of streetlight has been 'nil'. In case of Sundergarh Sadar Panchayat Samiti, for the year 2015-16, 2016-17 and 2017-18, percentage of expenditure out of grant recommended by the 4th SFC

has been 65.89, 83.08 and 85.88 respectively. In case of Sundergarh Zilla Parishad, there has been cent per cent expenditure in these years out of funds allocated under 4th SFC award. So far as Kinjirma G.P. under Tangarapali Panchayat Samiti in Sundergarh District is concerned, there has been hundred percent utilisation of funds released under the 4th SFC and 14th CFC funds for the years 2015-16, 2016-17 and 2017-18. This is certainly a commendable achievement on the part of the Gram Panchayat. However, the G.P. has not been able to spend money sanctioned under the provision of Street lights.

7.18 In case of Nabarangpur district, the study reveals that in Bhatrasuni G.P. under Tentulikhunti Panchayat Samiti, while 100% of 4th SFC grant and 96.62% of 14th FC grant were spent relating to the year 2015-16, it has been found that 34.32% of 4th SFC grant and 69.42% of 14th FC grant have been spent relating to the year 2016-17. For the year 2017-18, the study reveals that 27.31% of 4th SFC grant and 42.46% of 14th FC grant have been utilised.

7.19 So far as Khurda district is concerned, the study reveals that in case of Panchayat Samiti, Khurda, expenditures under 4th SC and 14th CFC funds have been 93.53% and 86.22% respectively for the year 2015-16. For the year 2016-17, the expenditures under 4th SFC and 14th CFC have been 80.06% and 83.09% respectively. For the year 2017-18, expenditures under 4th SFC and 14th CFC funds have been 32.67% and 47.51% respectively.

7.20 After detailed interactions of the Commission with PRI members and officials during visits to different Gram Panchayats of the districts, it is observed that projects have been taken up as per local needs articulated by the people and their representatives. However, there is no significant convergence with other programmes while executing projects under SFC grants. But in many GPs the SFC grant has helped in creation of useful community assets.

Recommendations :

7.21 After careful examination of the finances of PRIs, Commission recommends the following measures for improvement of financial position of GPs.

- a.** The State Government may consider empowering the GPs to levy and collect such taxes and fees which are potentially elastic in nature. The Commission has suggested some measures for additional resource mobilisation by GPs (Chapter-XI).
- b.** The Government need to expedite the process of creating and maintaining a data base of local finances. Unless the data base is created and updated from time to time, it will be difficult to create capacity to levy, administer and enforce any tax.
- c.** The PR & DW Department vide Notification No.990/20.06.2018 has empowered the Panchayats for approval of building plans and collect scrutiny fee, infrastructure development fee and sanction fee as per prescribed rate chart. This is a potential source of revenue for GPs. Sufficient awareness may be created for tapping the above source.
- d.** The Government may consider imposition of property tax by GPs subject to some exemptions as deemed proper. In this connection it may be mentioned that there are Census Towns which have urban characteristics but situated in GPs. To start with Government may consider imposing property tax in the Census Towns.

CHAPTER -VIII

Assessment of Finance of Urban Local Bodies

Introduction :

8.1 Municipalities have been empowered under the Constitution as well as the State legislations to discharge basic functions which have been assigned to them. The cities/towns in the State do not have adequate sources of own revenue to meet their expenditure requirements. Municipal finance is heavily dependent on the grants from the State and the Central Governments. Article 280 of the Constitution provides that (i) the Central Government has an important role in financing their activities and (ii) the ULBs have also a claim on the divisible pool of resources of Central Government as per the recommendation of the Finance Commission. Similarly, SFCs have a role in augmenting the funds of Municipalities by way of sharing from the divisible pool of resources of the State. It may be observed that the intricacies of the finances of ULBs are quite challenging compared to what the theory, notwithstanding its rigour, richness and depth, would like us to believe.

Resource stream and revenue composition of Municipal Bodies :

8.2 The financial resources of Municipal Bodies play a crucial role for discharging their basic duties to the citizens. The key components of municipal resources include:

- a. Own revenues comprising tax and non-tax revenue;
- b. Grants, assignment of taxes and devolution by the State Government;
- c. Grants from the Central Government on the basis of recommendation of Finance Commission
- d. Loans and other receipts.

8.3 In addition to their own revenues, Municipal Bodies mainly depend on grants from the State Government. These grants are primarily intended to meet the deficit in resources to discharge their functions. Likewise, grants are also

provided for meeting project specific expenditures. The Odisha Municipal Corporation Act, 2003 under sections 191-200 lists the internal sources of revenue of the Municipal Corporations. Similarly, the Odisha Municipal Act, 1950 provides for the internal sources of revenue of the Municipalities and Notified Area Councils (NACs) under section-131. Among the internal resources for ULBs, the major sources are the holding tax (in modern terminology property tax), conservancy tax and lighting tax. Other important revenue items include advertisement tax, trade license, parking charges, rental income from municipal managed/owned markets, kalyan mandaps etc.

Own Revenue of Urban Local Bodies :

8.4 The structure and trends of municipal finance cannot be analysed properly unless regular and reliable data are available. The Commission observed the constraints of non-availability of data on real time basis to examine updated financial position. However, the ULBs need strict performance indicators both for revenue mobilisation and delivery of services. In the absence of rigorous standards for judging their performance they will not be able to achieve the optimal level. However, the Commission has made its best efforts to make an analysis on municipal finance by taking into account the available data from H&UD department. The trend in own tax/non-tax revenue of ULBs is indicated in **Tables 8.1 and 8.2** :

Table-8.1

Own Source of Revenue of the ULBs

(Rs. in Lakhs)

ULB Category	Tax Revenue			Total Tax Revenue	Total Non- Tax Revenue	Total Revenue
	Year	Holding Tax	Advertisement Tax			
1	2	3	4	5	6	7
Municipal Corporation	2015-16	3982.07	1331.05	6313.12	6477.94	12791.06
	2016-17	5925.99	1979.57	7905.56	7501.31	15406.87
	2017-18	9072.00	2235.62	11307.62	10971.96	22279.58
Total (A)		18980.06	5546.24	24526.30	24951.21	49477.51

ULB Category	Tax Revenue				Total Non- Tax Revenue	Total Revenue
	Year	Holding Tax	Advertisement Tax	Total Tax Revenue		
1	2	3	4	5	6	7
Municipalities	2015-16	1574.97	59.97	1634.93	4779.84	6414.77
	2016-17	2898.10	114.51	3012.61	5527.91	8540.52
	2017-18	2205.71	42.75	2248.46	4130.91	6379.37
Total (B)		6678.78	217.23	6896.00	14438.66	21334.66
NACs	2015-16	291.25	7.84	299.09	1373.59	1672.68
	2016-17	513.72	10.34	524.06	1802.55	2326.61
	2017-18	537.61	9.58	547.19	1868.88	2416.07
Total (C)		1342.58	27.76	1370.34	5045.02	6415.36
Grand Total (A+B+C)		27001.42	5791.23	32792.64	44434.89	77227.53

Source: H & UD Dept.

Table-8.2

Non Tax Revenue of the ULBs

(Rs. in Lakhs)

ULB Category	Non Tax Revenue							
	Year	User fee	Parking fee	Rent	Trade License	Interest	Other Revenue	Total Non-Tax Revenue
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Municipal Corporation	2015-16	115.26	172.99	721.99	405.11	1986.30	3076.29	6477.94
	2016-17	1071.41	263.06	1005.35	558.32	1962.59	2640.58	7501.31
	2017-18	247.30	501.14	1283.54	738.72	2947.11	5254.15	10971.96
Total (A)		1433.97	937.19	3010.88	1702.15	6896.00	10971.02	24951.21
Municipalities	2015-16	20.36	242.39	961.56	141.31	1509.04	1905.18	4779.84
	2016-17	35.01	243.78	1232.24	222.60	1469.93	2324.35	5527.91
	2017-18	41.79	98.82	1103.98	165.55	925.57	1795.20	4130.91
Total (B)		97.15	585.00	3297.77	529.47	3904.53	6024.74	14438.66
NACs	2015-16	3.48	122.40	355.68	20.36	384.17	487.50	1373.59
	2016-17	4.23	156.25	450.70	62.16	482.78	646.43	1802.55
	2017-18	4.39	172.19	523.20	70.75	261.28	837.07	1868.88
Total (C)		12.10	450.84	1329.58	153.27	1128.23	1971.00	5045.02
Grand Total (A+B+C)		1543.22	1973.02	7638.23	2384.88	11928.77	18966.75	44434.87

Source: H & UD Dept.

8.5 An analysis of the above tables reveals that “Holding Tax” constitutes the largest source of internal income. The Municipal Corporations have shown significant growth in holding tax collection in 2017-18 which is more than double in comparison to the year 2015-16. But in case of Municipalities, the growth rate is fluctuating. So far as NACs are concerned, the growth in holding tax is almost stagnant. There is improvement in non-tax revenue collection in case of Municipal Corporations. The growth in case of Municipalities is not significant. Similarly the growth of non-tax revenue in case of NACs is not buoyant. The ratio of tax revenue and non-tax revenue of NACs works out to almost 1:3. The tax base of NACs is low and they have to concentrate on non-tax measures such as shopping complex, kalyan mandap and management of parking lots etc.

8.6 The Commission has made an analysis of demand and collection of own tax revenue vis-à-vis non-tax revenue for 2015-16 and 2016-17 basing on audited figures in respect of some selected ULBs. The analysis portrays the picture of collection efficiency. Data relating to own tax revenue is presented in **Table-8.3**. Non-tax revenue data are shown in **Table-8.4**

Table-8.3**Percentage of Collection in Own Tax Revenue of selected ULBs****(Rs. in Lakh)**

Name of the ULBs	2015-16			2016-17		
	Total Demand	Total Collection	percentage of collection	Total Demand	Total Collection	percentage of collection
Sambalpur Municipal Corporation	681.91	172.66	25.32	729.09	345.92	47.45
Birmiritrapur Municipality	10.22	4.93	48.24	15.81	11.83	74.83
Padampur NAC	18.41	5.98	32.48	21.85	10.47	47.92
Balasore Municipality	104.64	32.39	30.95	230.37	87.31	37.90
Vyas Nagar Municipality	128.66	71.08	55.25	137.32	79.36	57.79
Konark NAC	19.22	0.68	3.54	21.99	5.15	23.42
Umerkote Municipality	19.84	8.59	43.30	27.48	14.44	52.55
Rayagada Municipality	88.43	67.75	76.61	110.51	94.15	85.20
Rambha NAC	20.52	2.85	13.89	22.13	3.14	14.19
Total	1091.85	366.91	33.60	1316.55	651.77	49.51

Source : Directorate of Local Fund Audit Report, 2016-17 & 2017-18

Table-8.4**Percentage of Collection in Non-Tax Revenue and OSR of selected ULBs****(Rs. in Lakh)**

Name of the ULBs	2015-16				2016-17			
	Non-Tax Revenue			% of OSR collection	Non-Tax Revenue			% of OSR collection
	Total Demand	Total Collection	% of collection		Total Demand	Total Collection	% of collection	
Sambalpur MC	4.69	3.61	76.97	25.67	171.37	129.53	75.58	52.80
Bimitrapur Municipality	7.33	5.46	74.49	59.20	5.34	4.12	77.15	75.41
Padampur NAC	9.24	6.77	73.27	46.11	16.76	5.53	33.00	41.44
Balasore Municipality	119.51	84.70	70.87	52.24	137.36	96.43	70.20	49.97
Vyas Nagar Municipality	23.96	8.09	33.76	51.87	27.79	16.09	57.90	57.81
Konark NAC	93.80	74.74	79.68	66.73	113.67	65.64	57.75	52.18
Umerkote Municipality	40.81	11.91	29.18	33.80	58.35	34.04	58.34	56.48
Rayagada Municipality	28.87	24.47	84.76	78.62	33.27	27.09	81.42	84.32
Rambha NAC	31.00	6.12	19.74	17.41	9.13	4.05	44.36	23.00
Total	359.21	225.87	62.88	40.85	573.04	382.52	66.75	54.74

Source: Directorate of Local Fund Audit Report, 2016-17 & 2017-18

Data presented in above two tables indicate the collection efficiency in respect of own tax and non-tax revenue. In 2015-16 selected ULBs exhibited the collection efficiency of 33.60%, 60.88% and 40.85% relating to own tax revenue, non-tax revenue and total OSR respectively. The corresponding figure for the year 2016-17 shows an improvement in collection efficiency. It was 49.51%, 66.75% and 54.74% in respect of own tax revenue, non-tax revenue and total OSR respectively. In some ULBs, the percentage of collection of non-tax revenue has declined in 2016-17. Although there is noticeable improvement in collection efficiency, there is no room for complacency, since about 45% of the total demand remains uncollected in 2016-17.

8.7 A high level of OSR provides flexibility and freedom in the financial decision making by the ULBs. On the basis of the recommendation of the 4thSFC, the administrative expenses of the ULBs are taken care of by the State Government through assignment of taxes. This gives a lot of scope to the ULBs to undertake many other projects of their choice in the areas of public service. Lack of adequate manpower along with non-application of updated technology, pose challenges for proper assessment of total revenue potential. Of late, five Municipal Corporations have started introducing new GPS based tracking system to add new assesses under holding tax. An effective State Property Valuation Board in the State as per recommendation of 4th SFC can significantly increase the revenue potential of the ULBs, specially the Municipalities and the Corporations by periodically revaluing the properties, which has been kept pending for a long time.

Own revenue of Municipal Corporations :

8.8 The State has five Municipal Corporations and an analysis has been made with regard to their own source of revenue for three years starting from 2015-16 as presented in **Table 8.5**.

Table - 8.5

Total Income of Municipal Corporations

(Rs. in Crore)

Sl. No	Name of Municipal Corporations	Year	Holding Tax	Advt. Tax	Other Own Rev.	Rent	Rees/ User & hire charges	Interest on own fund	Total Income
1	Bhubaneswar Municipal Corporation (BMC)	2015-16	23.89	11.06	16.26	1.66	5.49	16.54	74.85
		2016-17	35.07	15.85	15.17	2.98	16.12	16.06	101.25
		2017-18	41.07	17.31	38.14	4.45	7.50	26.56	135.03
	Total		100.03	44.17	69.57	9.09	29.11	59.16	311.13
2	Cuttack Municipal Corporation (CMC)	2015-16	7.69	0.13	7.87	0.71	0.80	0.60	17.80
		2016-17	9.89	0.20	5.82	0.92	1.17	1.54	9.54
		2017-18	Actuals not available						
	Total		17.58	0.33	13.69	1.63	1.97	2.14	37.34

Sl. No	Name of Municipal Corporations	Year	Holding Tax	Advt. Tax	Other Own Rev.	Rent	Rees/ User & hire charges	Interest on own fund	Total Income
3	Berhampur Municipal Corporation (BMC)	2015-16	03.60	0.55	2.22	1.54	1.20	0.28	9.39
		2016-17	04.19	0.46	1.41	1.60	1.71	0.43	9.80
		2017-18	04.54	0.90	1.77	1.58	1.83	0.30	10.92
	Total	12.33	01.91	5.40	4.72	4.74	1.01	30.11	
4	Sambalpur Municipal Corporation (SMC)	2015-16	1.70	0.27	0.1	0.13	0.12	0.43	2.66
		2016-17	3.46	0.31	0.27	0.66	0.18	0.71	5.59
		2017-18	3.92	0.42	0.21	0.95	0.64	1.54	7.68
	Total	9.08	1.00	0.49	1.74	0.94	2.68	15.93	
5	Rourkella Municipal Corporation (RMC)	2015-16	2.48	0.68	0.57	1.94	3.98	1.67	11.32
		2016-17	3.89	1.17	0.27	2.00	4.41	1.30	13.04
		2017-18	3.35	0.96	0.54	1.45	2.56	1.73	10.59
	Total	9.72	2.81	1.38	5.39	10.95	4.70	34.95	

Source: Compiled & computed from the information given by Municipal Corporations.

8.9 The above table indicates that the three years average per capita Holding Tax in case of Bhubaneswar Municipal Corporation, it is Rs.389; for Cuttack Municipal Corporation, it is Rs.207; for Berhampur Municipal Corporation, it is Rs.115; for Sambalpur Municipal Corporation, it is Rs.87 and for Rourkella Municipal Corporation, it is Rs.104. Per capita average holding tax earning ranges from Rs.87.00 to Rs.389.00. This shows that Municipal Corporations having low level of income from holding tax need to strengthen their tax mobilisation efforts.

8.10 Interest earned from Bank deposits continues to be high in all the Municipal Corporations. In view of Finance Department stipulation for keeping unspent amount in PL account, such income from interest receipts will no longer accrue. Moreover, it is not desirable to park huge amount of funds without spending expeditiously under different schemes.

8.11 Full cost recovery of O&M against public services was emphasised under the mandatory reforms of JNNURM and recommended by the 13th Finance

Commission. Rationalisation of the existing user charges and levying such charges wherever necessary becomes the need of the hour. For this, the department issued “User charges Advisory for ULBs in Odisha, 2012” which needs to be followed strictly by ULBs.

Views of 14th FC on OSR of Local Bodies:

8.12 The 14th Finance Commission observed that “there is considerable scope for the local bodies to improve revenues from own sources by taking steps as recommended by the SFCs and the Finance Commissions”. Accordingly, the Commission suggested the following tax measures:

- a.** Property tax to be revamped with tax reforms including objective determination of the base and its regular revision to adjust for inflation, strengthening of mechanisms for assessment, levy and collection and improving billing and collection efficiency.
- b.** The levy of vacant land tax by peri-urban Panchayats be considered. In addition, a part of land conversion charges can be shared by State Governments with Municipalities and Panchayats.
- c.** The States should review the levy of betterment tax and prepare a clear frame work of rules.
- d.** Focus need to be given for collection of Advertisement Tax by local bodies, as this source has tremendous potential.
- e.** The ambit and scope of entertainment tax be enhanced by extending it to boat rides, cable television and internet cafes. The State Government need to review the structure of entertainment tax and take action to increase its scope to cover more and newer forms of entertainment.
- f.** Ceiling on tax profession, trades, callings and employments need to be hiked for the benefit of the State and Local Bodies.

8.13 With the introduction of goods and services tax (GST), advertisement tax has been subsumed under GST. So there is no scope for the ULBs to improve revenue under this source. Profession tax is being levied and collected by the

State Government. Hence, there is no space for augmenting revenue from this source. Claim of service charges on Central Government Properties by local bodies need to be examined by the Union and State Governments or else a mechanism to be put on place by properly compensating local bodies for the civic services provided by them to the Central Government establishments and take necessary action including enacting suitable legislation, in this regard.

Transfer to Urban Local Bodies from State & Central Government:

8.14 Apart from the resources transferred through SFC and CFC, there is regular flow of funds under different schemes of the State and Central Government. Funds flowing under these schemes have specific purposes and the ULBs merely act as the agencies to implement the schemes.

Table 8.6 depicts the funds transferred to ULBs from the State Government during the period from 2015-16 to 2017-18.

Table - 8.6
SFC Transfers to ULBs

(Rs. in lakh)

Sl. No.	Source of transfer	Amount transferred				Total
		Year	Municipal Corporation	Municipality	NAC	
1	SFC	2015-16	34,57,68	340,99,12	17561.65	864,18.45
		2016-17	36482.09	422,26.92	159,68.92	946,77.93
		2017-18	47331.42	456,89.52	186,89.06	111710.00
	Total		118571.19	122015.56	52219.63	292806.38

Source: Special Supplement to Budget 2018-19, Finance Department

The details of transfer of funds to ULBs on the basis of recommendation of CFC is exhibited in **Table 8.7**

Table - 8.7
Transfers to ULBs on CFC recommendation
(Rs. in lakh)

Sl. No.	Source of transfer	Year	Amount transferred			
			Municipal Corporation	Municipality	NAC	Total
1	14 th CFC	2015-16	6674.89	6886.61	2682.61	16244.11
		2016-17	11994.93	13277.22	4679.59	29951.74
		2017-18	14387.61	14843.72	5849.67	35081.00
	Total		33057.43	35007.55	13211.87	81276.85

Source: Special Supplement to Budget 2018-19, Finance Department

8.15 Selected ULBs have received schematic assistance under Prime Minister's Awas Yojana (PMAY) amounting to Rs.140.76 crores in 2016-17 and Rs.159.67 crores in 2017-18. Analyses of the above tables indicate that substantial amount of funds under 4th SFC and 14th CFC have been transferred to ULBs for various developmental needs including the cost of establishment. A study of 4th SFC and 14th CFC fund transfer to 5 Municipal Corporations vis-a-vis own source of revenue (OSR) reveal that the OSR constitutes only 28%. There is a need to enhance the ratio.

Table 8.8 indicates the total expenditure of all ULBs under different heads:

Table 8.8
Total Expenditure of all ULBs

(Rs in Crore)

Sl. No.	Year	Establishment	Maintenance of public utility	New Dev. Work	Up-gradation of Capital Assets	Street Lighting	Water Supply	Sanitation & SWM	Others	Total Expr.
1	2015-16 %of expr. against total expr.	375.60 (27.97)	137.34 (10.22)	293.69 (21.87)	140.52 (10.46)	73.22 (5.45)	19.58 (1.45)	93.06 (6.93)	209.69 (15.61)	1342.70
2	2016-17 %of expr. against total expr.	482.70 (32.35)	133.37 (8.94)	251.57 (16.86)	212.22 (14.22)	79.98 (5.36)	21.79 (1.46)	106.48 (7.13)	203.69 (13.65)	1491.80
3	2017-18 %of expr. against total expr.	422.41 (32.15)	166.66 (12.68)	235.03 (17.89)	154.20 (11.73)	62.32 (4.74)	10.26 (0.78)	111.94 (8.52)	150.84 (11.42)	1313.66
Total		1280.71	437.37	780.59	506.94	215.52	51.63	311.48	564.22	4148.46
% of expr. against total expr.		(30.87)	(10.54)	(18.81)	(12.21)	(5.19)	(1.24)	(7.50)	(13.60)	

Source: Computed from information of H&UD Department

8.16 The figures presented in the above table reveal that the establishment and other expenditures on an average account for 44.47 per cent of total expenditure. In all fairness this expenditure needs to be pruned. Only 41.56 per cent of total expenditure has gone for infrastructure development while 7.5 per cent only accounts for sanitation and SWM.

8.17 Municipal finance in the State is beset with (i) inadequacy of internally generated revenues for meeting revenue expenditures and (ii) high level of expenditure on establishment (salaries & wages) vis-à-vis expenditure on O&M of services.

Borrowings by ULBs from Odisha Urban Infrastructure Development Fund :

8.18 Government of Odisha has taken a new initiative by establishing a trust namely “Odisha Urban Infrastructure Development Fund (OUIDF) in the H&UD Department for the purpose of developing and financing infrastructure projects undertaken by ULBs and other statutory bodies. OUIDF lends term loan to ULBs with a tenure ranging from 7 years to 12 years with a concessional rate of interest backed by letter of comfort from H & UD Department. Some ULBs have availed this facility for taking up infrastructure projects.

Recommendations:

8.19 In the back ground of the above analysis with regard to municipal finance, the Commission would like to make the following recommendations:

- a.** The rates and structure of different taxes prescribed under the Municipal Act require revision and changes, wherever necessary.
- b.** Vigorous efforts should be made for collection of arrear demand along with the current dues so far as tax arrears and non-tax arrears are concerned along with measures for pursuing cases locked up in litigation.
- c.** User charges and fees should be levied and collected by Municipal Bodies wherever services provided are user specific and identifiable.

It should aim at achieving improved accountability, reduction of wasteful use and the principles of social equity.

- d.** The State of Chhattisgarh has come up with “Chhattisgarh Municipal Revenue (Establishment & Regulatory Commission) Act, 2011 which establishes a Regulatory Commission to safeguard the interest of citizens and to rationalise and regulate user charges and other revenue collections by ULBs. The State Government can make a detailed study and may take appropriate decision.
- e.** Revenue & Disaster Management Department vide its order no-36868 dated 03.11.2014 has ordered for transfer of water bodies, Tanks (Jalasa) etc. situated in urban areas to the administrative control of ULBs. The ULBs can explore to develop such water bodies as Eco-park with recreation facilities which can be a source of revenue for the ULBs.
- f.** Huge capital investments are necessary to upgrade the existing and create infrastructure in urban areas. Municipal Corporations of the State may tap external resources on the basis of their credit worthiness with prior approval of State Government.
- g.** The Odisha Municipal (Amendment) Act, 2015 introducing property tax with “Unit Area Method” of assessment is yet to be made effective in the State. Moreover, the “Valuation Board” contemplated in the Act has not yet been made operational. Steps need to be taken expeditiously by the Government in this regard.
- h.** All Government institution like Offices, Guest Houses, Circuit Houses, Schools, Colleges, Universities, Other Government institutions should be asked to have adequate budgetary provisions pertaining to Municipal service charges (a component of Holding/Property Tax).

CHAPTER-IX

Financial Accounting and Reporting System in Local Bodies

9.1 Under Art.243(j) of the Constitution of India, it has been envisaged that the Legislature of a State may by law make provisions with respect to maintenance of accounts by the Panchayati Raj Institutions and auditing of such accounts. Similarly, a corresponding provision has also been provided under Art.243(z) in respect of Municipal Bodies. Accordingly, the State Government has enacted Odisha Gram Panchayat Act, 1964 and Odisha Municipal Act, 1950 and framed Rules thereunder in which provisions have been made for maintenance of accounts and auditing of such accounts in respect of both PRIs and ULBs.

9.2. Director, Local Fund Audit functioning under the administrative control of Finance Department has been entrusted with the responsibility of auditing the accounts of PRIs as well as ULBs. Besides, Comptroller and Auditor General undertake thematic audit and sample audit of these Local Bodies from time to time.

9.3. In pursuance of the recommendation of the 13th Finance Commission, the State Government had entrusted in April, 2011 the Comptroller and Auditor General of India with audit of all the three-tiers of the PRIs of the State under section 20(1) of the C & AG's Duties Powers and Conditions of Service Act, 1971. Besides, the C&AG was requested to provide Technical Guidance and Support (TGS) to the State Audit Agency i.e. the Local Fund Audit Organisation in performance of audit work in respect of Local Bodies. The Government notified in July, 2011 parameters of TGS in the Official Gazette. Under TGS arrangement, 167 LFA staff were imparted training during 2016-17.

9.4. So far as maintenance of accounts of Panchayat Samitis is concerned, the same is prepared by the respective Panchayat Samitis and maintenance of accounts of Gram Panchayats is done through Chartered Accountants. Accounts of PRIs are certified by Director, Local Fund Audit as per rule 20(4) of Local Fund Audit Rules, 1951.

9.5. Government has taken the initiative of introducing Panchayati Raj Institutions Accounting Software (PRIASoft) developed by NIC, a model accounting system for maintenance of accounts of PRIs. It is a matter of concern that many of the PRIs have not been able to adopt this software. As a result the accounting system has not been streamlined as yet. The Commission recommends that expeditious steps should be taken by the Administrative Department to implement PRIASoft in all the 3-tiers of PRIs so that a clear picture emerges regarding accounts maintained with regard to receipt and expenditure.

9.6. The necessity for improving quality of the financial accounting and reporting system in the PRIs and ULBs has been discussed and recommendations made by successive Finance Commissions. The 14th Finance Commission observed that the books of accounts prepared by the local bodies under the Technical Guidance and Support(TGS) of C& AG should distinctly capture all types of incomes and expenditures of the local bodies. It had made submission of the latest audit report (not earlier than 2 years) as a basic condition for availing of the performance grant by GPs and ULBs. In the area of financial accountability, the 4th SFC in its report also expressed concerns about the manpower shortage, lack of capacity and non-implementation of IT in the maintenance of accounts of the GPs.

9.7. Introduction of online reporting and auditing system and laying of annual reports of the Local Fund Audit(LFA) organization in the State Assembly have a salutary effect on the efficiency of accounting and auditing system of the Local Bodies. The Commission has reviewed the present financial accounting and

auditing system being followed at the local bodies and more specifically, the GPs which are the largest recipient of fund from the Central and State Governments. The ZPs and the PSs in the State, to a limited extent are maintaining their accounts on the basis of the double entry cash system, both in the computer as well as in hard copy. This has been possible to a large extent due to the manpower support available at the two layers of PRIs. However, the GPs because of their limited manpower, always have problems in proper maintenance of the accounting records. This has been highlighted in the Reports of LFA both for the year 2016-17 and 2017-18.

9.8. The Commission has made the evaluation of the financial accounting system of the GPs in the backdrop of the provisions under the Odisha Gram Panchayat Act, 1964 and the Odisha Gram Panchayat Rules, 2014. The aspects such as budgeting, financial record keeping, fund management, asset management, auditing, annual financial statements and the financial reporting have been reviewed.

Budgeting

9.9. According to section 98(1) of the Odisha Gram Panchayat Act, 1964, “The Sarapanch shall in each year prepare and place before the Grama Sabha for its consideration a budget estimate showing the probable receipts and expenditures for the following year and the GP shall with such modifications as it thinks fit submit the budget to each of the Palli Sabhas within the Grama for their recommendations under subsection (6) of section 6 and shall therefore submit the same along with the recommendations, if any of the Palli Sabhas to the Grama Sasan for its approval.”

9.10 The timely preparation of the budget of the Panchayats depends on availability of the funding information from the Government and other sources so as to allocate the funds between revenue and capital expenditure. The GPs have to prioritise this allocation depending on critical local needs. The Commission has observed that the budget in the GP is mostly prepared by the

PEO in consultation with the Sarpanch and is placed before the Palli Sabha and Gram Sabha for approval as per section 98(2) of Odisha GP Act, 1964. A copy of the budget is sent to the Panchayat Samiti for their information and consolidation.

9.11 It has also been observed by the Commission that the budget documents are not available with most of the GPs and if available; it is prepared in a manner which does not have any linkage with the Annual Action Plan of the GP.

Accounting and Record Keeping

9.12 As per section 100(1) of the Odisha Grama Panchayat Act, 1964, “The Gram Panchayat shall keep regular accounts of all receipts to and disbursement from the Grama Fund and such accounts shall be published in the prescribed manner.” The Odisha Grama Panchayat Rules, 2014 provides an exhaustive list of different forms and formats for the maintenance of the financial record keeping of the GPs. Major Accounting Records prescribed by OGP Rules, 2014 includes :-

- Cash Book of Receipts and Expenditure (Format No. 1)
- Advance Ledger (Form No. 11)
- Miscellaneous Receipt (Form No. 7)
- Advance Ledger (Form No. 11)
- Leased Property Register (Form No.15)
- Loan ledger (Form No. 19)
- Daily Collection Register (Form No. 23)
- Demand and Collection Register (No. 24)
- Register of Immovable Properties
- Reconciliation Register (Format No. 3)
- Bank Register (Form No.32)

9.13 During the visit to GPs, it was observed that GPs are not diligent in maintenance of accounts as required under the rules. Since GPs are required to

maintain a large number of records and registers prescribed long time back, it needs a thorough review by the administrative department so as to reduce the number and make the same compatible with Information Technology.

Annual Financial Statements

9.14 The Annual Financial Statements are the final products of the entire accounting system. It should provide a summarised picture of receipts and expenditures under different heads during a financial year. In addition, it should also provide information about the receipts due and payments to be made.

9.15 The OGP Rules, 2014 make it mandatory for all GPs to prepare the Annual Account of Receipts and Expenditures with two parts at the end of the financial year in the prescribed form as under:

- Annual Account Part-I(Receipt and Expenditure) (form no 33)
- Annual Account Part –II (Statement of Liabilities and Assets) (Form no 34)

9.16 The Commission, however, observed that many GPs are preparing the Annual Financial Statement in form of summarised receipt and expenditure. Besides, some GPs are preparing half yearly statements on receipt and expenditure. A few GPs are preparing the statement of assets and liabilities.

Fund management

9.17 The GPs are required to efficiently manage their funds particularly relating to unutilised funds. It is observed that the funds are either kept in current account or savings bank account in the Banks. It is better for the GPs to keep the unutilised funds in flexi deposit as instructed by Government which will yield higher rate of interest.

Asset Management

9.18 A healthy financial accounting system should have an inbuilt mechanism for ensuring accurate recording and efficient management of the assets both

current and fixed. Since the assets of the GPs are created out of the funds provided by the SFC, CFC and own resources, which are all community resources, it is essential that they should be properly inventoried, maintained and accounted for.

9.19 OGP Rules, 2014 requires all GPs to maintain an inventory register of stock of tools and plants in Form No. 36. All entries and disposals shall be initialled by the Sarpanch or his/her authorized person. The GP Rules also mandate that all the properties, both movable and immovable, be recorded in the register in the formats V and VI. The stock of assets shall be verified twice in every year jointly by the PEO and Sarpanch and the result of the verification recorded in the stock register. Further, the Sarpanch shall place the list of properties before GP in a meeting to be held in the month of September or October every year for consideration and suggestion for better management. However, these rules are not being followed meticulously. The Commission also observed that GPs, in general, are not maintaining the asset register in the manner specified in the GP Rules.

9.20 The National Asset Directory (NAD) is one of the software application envisaged as part of e-panchayat. It acts as a depository of various assets created/controlled/maintained by the PRIs with its unique identification number leading to effective utilization of assets. It also facilitates proper planning for convergence of funds from various schemes and record keeping. GPs need to be sensitised about proper maintenance of asset register and uploading the same in NAD.

Auditing

9.21 According to rule (5) of the OGP Rules, 2014, on receipt of the audit report, the Sarpanch of the GP has to convene a special meeting of GP to consider the objections made by the auditor and decide upon the action to be taken thereto. The compliance report has to be submitted to the Examiner of Local Accounts within three months of the receipt of the audit report. Each GP

has to maintain a record of Audit Register in Form No. 37 along with the objections raised by the auditor and the compliance thereto.

9.22 The LFA organisation examines the accounts of the PRIs every year and has identified a number of shortcomings like non maintenance of advance register, non-reconciliation of cash book with the bank pass book, non-submission of UCs, delay in the uploading of vouchers in the PRIASoft, absence of Asset Register, non-operation of flexi account, improper preparation of the plan and estimate and omission of important items of costs in the project cost etc. in the past. Due care should be taken by PRIs to remove the deficiencies in future.

Public Disclosure of Financial Position

9.23 Rule 97 of the OGP Rules, 2014 specifies that the annual accounts of the GP once prepared shall be placed in the Grama Sasan in a meeting convened for this purpose. Further, rule 97(4) also makes it mandatory for the GPs to publish a copy of the approved annual report in the notice board of the Gram Panchayat for general information. Even though there is a provision for e-panchayat portal, where essential information about the GPs relating to the financial transactions can be uploaded through the PRIASoft, it is not being used by the GPs on a regular basis.

Accounting System in Urban Local Bodies :

9.24 Urban Local Bodies have the following sources of funds:

- (i)** Various State Schemes funded by State Government.
- (ii)** Centrally Sponsored Schemes
- (iii)** Funds on the recommendations by State and Central Finance Commissions.
- (iv)** Assignment of Taxes by the State Government.
- (v)** Own Tax and Non-tax Revenues.
- (vi)** Loans and advances.

9.25 Annual Audit is conducted by the Directorate of Local Fund Audit basing on different Acts and Rules prescribed by the Government, and such Acts and Rules include Odisha Municipal Act, 1950, Odisha Municipal Corporation Act, 2003, Odisha Municipal Rules, 1953, Odisha Municipal Accounting Manual, 2011, Odisha General Financial Rules, Odisha Treasury Code, Odisha Delegation of Financial Power Rules, 1978 and other relevant Rules. It has been observed in Annual Report of Directorate of Local Fund Audit for the year 2017-18 that “although the Government has decided in principle to ensure maintenance of Accrual based Accounts in ULBs, Cash based Accounts were maintained by the ULBs audited during 2017-18.” The Local Fund Audit Organisation pointed out the following shortcomings after audit of accounts:

- (i) Discrepancies between the actual Pass Book balance and balance shown in Cash Book were not reconciled.
- (ii) Important prescribed registers were not maintained.
- (iii) Haphazard maintenance of Advance Register.
- (iv) Physical verification of stock at regular intervals by the Local authority was not conducted leaving scope for mis-utilisation or misappropriation of stock.
- (v) DCB of rents, taxes and fees in many NACs and Municipalities and even Corporations like BMC is not maintained. This indicates inadequate control and supervision over administration of collection of tax and non-tax revenue to enhance resources.
- (vi) Asset Register(s) and the property Registers in almost all ULBs are not maintained.

Recommendations

9.26 The Commission makes the following recommendations in order to bring about improvements in Accounting and Reporting system.

- a. An Accountant-cum-Data Entry Operator may be posted at the GP level to look after maintenance of accounts, filing of returns and uploading necessary information in the website.

- b.** The PEOs and the GPEOs along with the proposed Accountant cum DEO should undergo capacity building training at Madhusudan Das Regional Academy of Financial Management (MDRAFM) to get the practical knowledge of accounting and reporting requirement of GPs.
- c.** Each GP should be provided with electricity and internet connection so that requirement of uploading of the financial data in the PRIASoft and National Asset Directory on a real time basis can be achieved.
- d.** The present format of the Cash Book, as prescribed, needs to be simplified looking at the revenue and expenditure pattern of the GPs. Some obsolete items of receipts and expenditures need to be deleted.
- e.** Public disclosure of essential financial information as prescribed under rules may be ensured for all the GPs and ULBs.
- f.** Information relating to functioning of GPs should be uploaded on e-Panchayat Portal regularly.
- g.** Accrual based Accounting need to be adopted in all ULBs as they are provided with Computer and Internet facilities. If such facilities do not exist in any of the ULBs, the same should be provided by the Government.
- h.** There is a need for proper training and guidance to the Accounting personnel so as to switch over from Cash based Accounting system to Accrual based Accounting system. The Administrative Department should take expeditious steps for proper training of the Accounting personnel.
- i.** An integrated module of Accounting and Budgeting should be developed, as per OMC Act and Odisha Municipal Accounting Manual which will be useful for monitoring of receipts and expenditures of ULBs.

CHAPTER-X

E-Governance, Capacity Building and Good Practices

I. E – Governance

10.1 In an age predominated by technological progress, it is quite logical that efforts are on the way to introduce E-governance and strengthen it at every tier of Government. E-Governance plays a key role in making public services easily accessible and responsive to citizens' needs. The increasing adoption of ICT in Government's functioning is ushering in new dimensions in the domain of public services. The primary objective of E-governance is to improve the functioning of institutions of governance by bringing technology, transparency and accountability together in rendering public services. It is an interface between the citizens and agencies of government. E-Governance is all the more relevant in the context of Local Bodies having direct responsibility in providing basic services to the people.

ICT and Good Governance

10.2 ICT as a tool of E-governance has great potential to transform the process of service delivery. Studies have pointed out that the adoption of ICT makes a significant contribution in improving the quality of service delivery and good governance at the Local Bodies. To this end, both the Central and State Finance Commissions have duly emphasised on adoption and application of ICT at Local Bodies in order to ensure good governance.

E -Governance in Urban Local Bodies

10.3 As per information received from H&UD Department, a number of steps have been taken to implement and strengthen E-governance in ULBs. Measures have been taken to improve citizen centric service delivery, transparency, accountability and responsiveness of ULBs leveraging ICT

enabled solutions such as e-Municipality, online building plan approval system, common application portal, planplus, actionsoft, budgeting tool, e-Procurement etc. A Technical Assistance Support Unit (TASU) has been in position by H&UD Department to strengthen the system of E-governance.

10.4 Project e-Municipality : It was launched in the year 2010 by the H&UD Department and is currently being implemented in ULBs. e-Municipality application has been integrated with Odisha Online i.e. www.odishaonline.gov.in to provide online ULB services to the common citizen of Odisha. Citizens can also access Odisha Online portal to apply for birth & death certificates, marriage certificate, payment of ULB fees like holding tax, trade license, water tax fee, grievance redressal etc. Besides, water connection management system, stakeholders interface system, Municipal Management Information System (MMIS) have been developed in e-Municipality application.

10.5 PlanPlus and ActionSoft : These tools have been developed by NIC for action plan submission and monitoring of projects funded by 4th SFC and 14th CFC grants. PlanPlus is a web-based software that facilitates participative decentralised planning and enables preparation of action plans for utilisation of grants and is presently being used by ULBs. ActionSoft is a web-based software that aims at facilitating recording and monitoring of the physical and financial progress of works that are being undertaken as part of approved action plan by various ULBs.

10.6 Common Application Portal for Building Plan : It facilitates approval of the building plan through interface with multiple agencies and provides NOCs as per rules. The Online Building Plan Approval System (OBPAS) has been made fully operational in Bhubaneswar Municipal Corporation and Bhubaneswar Development Authority (BDA).

10.7 Smart Water Information Management System (SWIMS) : It is a one-stop dashboard developed by H&UD for capturing relevant data on water

supply, physical infrastructure, revenue and other measures. The data entry for various water related parameters is being done for different ULBs.

10.8 Tool for Monitoring Projects and Information Delivery (Mo-Pride) :

This is a web based one-stop portal / repository developed to monitor and track all urban infrastructure projects including projects to be implemented by ULBs, PHEO & OWSSB under various centre and state level schemes like AMRUT, UNNATI, BASUDHA etc.

E-governance in Panchayati Raj Institutions

As per the information submitted by PR& DW Department, various initiatives have been undertaken in PRIs to improve the quality of E-governance interventions. Sustained efforts are being made at multiple levels to improve the accessibility and delivery of public services.

10.9 Computerization at the Block levels : It commenced in 2003-04 with provision of computers and peripherals for all blocks. Thereafter, all the GPs have also been provided with Desktops/ Laptops. V-SAT connectivity and BSNL-VPN have been provided for real time exchange of information.

10.10 PRIASoft : It is meant for use in accounting system of PRIs and to keep track of Receipts and Expenditures.

10.11 NREGASoft : It has been developed by NIC in accordance with MGNREGS and guidelines implemented for monitoring the physical and financial progress of the programme along with generation of job cards, project details etc.

10.12 AwasSoft : The software has been developed by NIC for Rural Housing Schemes and implemented for monitoring the physical and financial progress of the same.

10.13 PlanPlus : This has been deployed for taking care of preparation of District Plan under Backward Region Grant Fund (BRGF).

10.14 PP Grant : This is a web-based application that enables the Gram Panchayats to provide details of the good work that has been achieved in their Panchayat and to upload necessary documents of testimonials in support of their achievements. The Department can evaluate the submitted application and select deserving Gram Panchayats for the incentive grant.

10.15 Odisha PR Connect : It is an android based mobile application to facilitate faster inter-office and inter-personnel communication. The “Odisha PR Connect” is available both through Mobile App (Android OS) and web-based application.

10.16 LGD (Local Government Directory) : It is set up to facilitate State Departments to update the directory with newly formed panchayats /local bodies, re-organization in panchayats, conversion from Rural to Urban area etc. and provides the same information in public domain.

10.17 Tubewell Management Information System : It is being developed by creating a Database of Tube wells in Odisha with user-friendly format in public domain for transparency to monitor functioning of Tube well and its water quality.

Strengthening of E-governance in Local Bodies

10.18 Although the state has adopted and promoted the use of ICT at the PRI and ULB level, yet adoption of the ICT infrastructure in local bodies is not fully functional. The State Government can increase the number of e-services to be provided to citizens while building the capacity of GP officials and providing necessary ICT infrastructure.

II. Capacity Building and Training

10.19 In order to enable the Local Bodies to function as effective institutions of Self Government, capacity building is essential. Capacity building is a continuous process of strengthening the human resources, providing them with needed skills and upgrading the same from time to time. It has been observed by the Commission that although a series of training programmes

and exposure visits are conducted for the elected representatives and officials associated with the local bodies, there is a need for strengthening and institutionalising best practices in capacity building and training.

Capacity Building of ULBs

10.20 Capacity building of ULBs is undertaken by State Urban Development Agency (SUDA). It acts as the nodal agency that organises different Training-cum-Workshops and exposure visits for officials and elected representatives under the capacity building programmes. SUDA also provides manpower support to ULBs such as community mobilization consultants, accounting consultants and MIS consultants against vacancies.

10.21 To address the capacity constraints at various levels, several capacity building programmes have been implemented through SUDA directly and through external training agencies. These programmes have been designed to build capacity and equip the ULBS of Odisha with good governance, service delivery and prudent financial management system.

10.22 Based on the information received from H&UD Department, the SUDA has taken up the following capacity building programmes which include Induction Training Programme for the City Mission Management Unit (CMMU), Managers positioned at various ULBS under DAY-NULM in Odisha, Orientation Training Programme for the Executive Officers, Community Organizers and MIS officers under NULM, Training of Trainers Programme on Self Help Group (SHG) Management, Sensitization Workshop cum Training on Online Building Plan Approval System (OBPAS), Sensitization Workshop on Shelter for Urban Homeless (SUH) under DAY-NULM, Induction Training Programme for the District PMU (DPMU) professionals placed at District Urban Development Agencies (DUDAS), Orientation Training Programme for ULB functionaries & Tahsildars on smooth and effective implementation of Odisha's landmark initiative "Slum Land Settlement".

10.23 To promote good governance, empowerment at the local level and for improving efficiency and transparency in delivering various poverty alleviation

interventions and infrastructure projects, District Urban Development Agencies (DUDAs) have been created in all 30 districts of the State. However, in some districts DUDA has not been fully functional with adequate manpower and other infrastructure.

10.24 Considering importance attached to capacity building and training, the Commission recommends that

- a. The State Urban Development Agency i.e. SUDA which is undertaking the training programmes and exposure visits of elected representatives and officials should be strengthened with adequate manpower, infrastructure, quality resource persons, IT professionals etc.
- b. H & UD Department can remodel SUDA in the pattern of a National level Institute.
- c. Particular emphasis has to be given to E-governance in delivery of basic services while conducting the training programmes.
- d. Decentralised training programmes can be organised at Divisional headquarters with the support of DUDA.

Capacity Building of PRIs

10.25 SIRD & PR undertakes large number of training programmes for elected representatives of PRIs, non-governmental organisations (NGOs) and different levels of officials of PR for capacity development. Three Extension Training Centres (ETCs) at Bhubaneswar, Keonjhar and Kalahandi are functioning under the administrative control of SIRD & PR.

10.26 In order to make capacity building program effective, the Commission recommends that emphasis should be given on the following

- a. Training for elected representatives at regular intervals.
- b. Capacity building through partnership with NGOs and other reputed academic institutions.
- c. Special training programme may be conducted for elected women representatives.

- d. Special focus may be given on application of ICT in programme implementation and monitoring.

III. Recording of Good Practices

10.27 Despite constraints, some of the Local Bodies have exhibited good performance which can be cited as models for replication by others. The local bodies are expected to learn from such good practices, adopt and assimilate them in their governance and management structure. Hence, these good practices should be carefully documented and widely publicised by the respective departments with a view to encouraging good initiatives and practices among these institutions.

Identification of Good Practices

Rural Local Bodies

10.28 In collaboration with the NIRD & Ministry of Panchayati Raj, the 12th Finance Commission tried for the first time to document best practices in rural local bodies. The 12th Finance Commission had recommended the following best practices to be adhered to by PRIs. They are (i) levy of certain major taxes and exploitation of non-tax revenue sources (ii) levy of user charges (iii) linking incentive grants with revenue collection (iv) levying of tax/surcharge/cess on agricultural holdings by the Intermediate or District panchayats (v) maintenance of accounts by the panchayats to be standardised.

10.29 In recognition of the good work carried out by the PRIs towards improving delivery of services, PR & DW Department awards the best performing PRIs. The awards are given on the Panchayati Raj Diwas observed by the State Government.

10.30 The State Panchayat Performance Assessment Committee under Panchayati Raj Department identifies the best performing PRIs based on 67 parameters. On each parameter, PRIs are assigned scores and those with the highest scores are adjudged as the best. The 4th SFC observed that all the

parameters are not significant for majority of the stakeholders. Hence, it suggested to identify a few parameters which will benefit them most. These key parameters are per-capita tax revenue, tax and non-tax revenue collection, percentage increase in tax revenue, per capita expenditure on civic services etc. This Commission also reiterates the recommendations of the 4th SFC. The Commission, however, feels that along with tax-based parameters, other development indicators such as provision of drinking water, street light, roads, sanitation, education, health facilities and E-governance should be taken into account.

Urban Local Bodies

10.31 In recent years documentation and dissemination of best practices of urban local bodies have gained momentum. In this regard it may be mentioned that the standards of urban services have been prescribed both at the National level and International level. It is necessary to follow such standards so as to attain the best quality of services over a period of time. While some of the ULBs in the country have shown excellent standard in some sectors such examples remain as examples without being adopted by other similar local bodies.

10.32 H & U D Department has been giving cash awards to best performing municipalities and NACs every year. The State Level Selection Committee finalises the best performing ULBs based on their performance as per certain parameters. These are (i) timely submission of utilisation certificates (ii) initiatives taken for augmentation of own source of income (iii) timely submission of budget (iv) achievement under different anti-poverty programmes (v) audit compliance (vi) environmental measures (vii) special initiatives in sanitation and solid waste management (viii) collection of user fees and implementations of projects in PPP mode. The system of awarding best performing municipalities provides encouragement to those who are doing well but at the same time, in view of growing pressure of urban needs the low

performing and non performing municipal bodies should be impressed upon for better performance.

10.33 Some Case Studies : Rural Local Bodies

A. Community Empowerment: Initiatives of Mukundapur Patna GP :

Mukundapur Patna GP in Keonjhar District, visited by the Commission appears to be a model in achieving exemplary revenue generation as well as spending of funds in development and welfare measures for the people. This GP has been able to enhance OSR from Rs.93,000 in 2006-07 to Rs.30,25,600 in 2017-18. This is a big achievement by any standard. It has derived its income from sources like market complex, weekly haats, parking complex, toilet complex and panthika (guest house) etc. The GP has initiated “*Mo Sikhya Yojana*” helping BPL students and orphans for pursuing secondary and higher education and “*Kanyadana Yojana*” for financial aid to BPL families for the marriage of girls. “*Jasoda Yojana*” has been launched to bring down maternal and infant mortality rates. The GP has also provided an Auto Ambulance service to meet the emergency needs of the patients. In the opinion of the Commission the initiatives and measures of this GP are worth emulating by other GPs. This is an example of community participation and decentralised governance which strengthens empowerment at grassroots level.

B. Success story of Bharigada Gram Panchayat : Bharigada GP of Rajkanika Block of Kendrapara District is another example which has come to the notice of Commission so far as expanding the revenue base of the GP is concerned. GP has been able to increase its own revenue by way of renovating ponds, setting up a new weekly Haat for marketing of local produce etc. Besides, the GP has paid attention to improve the skill development of school going children.

C. Women empowerment efforts - Kutinga Gram Panchayat : Kutinga GP of Koraput District has a unique approach towards women empowerment and creating awareness of the people about the schemes and programmes of the Government. The GP has ensured the participation of women in Palli

Sabha and Gram Sabha for taking decisions on identification of actual beneficiaries and implementation of the development schemes. For providing the drinking water to the villagers, GP has taken initiatives for construction of five check dams.

D. Smart Panchayat: Initiatives of Kayalapada GP : Kayalapada GP of Tangi Blok of Cuttack District has taken up several steps to mobilise additional revenue by promoting cultivation of cashew crops in waste lands, collection of water tax and development of new panchayat Haat. GP has created the drinking water and sanitation committees at village level for efficient use of water. The efforts of GP in introducing vocational training for youth and women in collaboration with corporate sector, is commendable. It has not only contributed to the revenue earning of GP but also empowered the youth in skill development and employment.

E. Introduction of RO water and solar light in Sundargarh District : During the visit to Sundargarh District, the Commission noticed that, one RO Drinking water plant is established at Kinjirma GP headquarter and a solar light system is installed at Deuli village by utilising the funds recommended by 14th Finance Commission. These measures were appreciated by the Commission. PD, DRDA informed that more number of such projects have been taken up by different Blocks in the district.

10.34 Some Case Studies: Urban Local Bodies

A. Mechanical Sweeping - Paradeep Municipality : During the visit to Paradeep Municipality, Commission observed that a tractor mounted sweeping machine was engaged for road sweeping. It was ascertained that the cost of the tractor and the sweeping machine was within Rs.10 lakh. Introduction of mechanical sweeping in place of manual work is a welcome step. Commission would impress upon ULBs to adopt this practice increasingly for better sanitation and hygiene.

B. Bio-toilet : Bhubaneswar Municipal Corporation : It has been reported that Bhubaneswar Municipal Corporation (BMC) in collaboration with Rotary Club has set up bio-toilets for women in some slums in the city. It is satisfying to note that use of bio-toilet has been done with NGO partnership. The Bio-toilets has the following features:

- The faecal waste can be reduced to compost
- The toilets can be moved from one place to another.

Setting up of more number of bio-toilets should be taken up in partnership with NGOs and private organisations.

C. Eco Park and Water ATM - Angul Municipality : During the tour to Angul District, the Commission visited Eco Park developed by the Municipality by renovating one unused water body and developing it with beautification of the surroundings, creating other amenities like RO drinking water, toilet, path ways etc. to attract the visitors. This Eco Park has emerged as a source of revenue for the Municipality.

Besides, Angul Municipality has taken another initiative by installing Water ATM. As the ground water of Angul town is reportedly hard in quality, the Municipality has installed water ATM and is supplying safe drinking water at a nominal rate of Re.1.00 per litre to the people.

D. Rehabilitation of Street Vendors & Revenue Mobilization - An Initiative of Kuchinda NAC : Kuchinda NAC has set an example by constructing vending zones under partnership mode with share of funds from street vendors. Selection and allotment of shop rooms were done with the consent of street vendors and the project was financed by utilising the grant under 4th SFC, own funds of NAC and share of vendors. This is very good example of financing a project by ULBs through community mobilisation.

10.35 Funds for Innovative Practices and New Initiatives : The Commission has recommended allocation of funds towards innovative practices and new initiatives to be taken up by local bodies, after sanction of proposals by the respective Administrative Departments.

CHAPTER-XI

Scheme of Sharing of Resources with Local Bodies

Introduction

11.1 The Terms of reference stipulate that the Commission shall review the financial position of the Local Bodies and make recommendations regarding the principles of distribution of resources between the State and Local Bodies out of the net proceeds of taxes, duties, tolls and fees levied by the State which may be divided amongst PRIs and ULBs as specified under Part IX and Part IX-A of the Constitution, and also make inter-se allocation between different tiers of the Panchayats and Municipalities.

11.2 Before devising the scheme of transfer of resources to Local Bodies, the Commission has taken sufficient care to assess own source of revenue of these Local Bodies, their capacity to absorb expenditure, relevant issues relating to implementation, and sector specific needs for which Grants-in-aid is required. Besides, the Commission has also made an analysis of the financial position of the State Government relating to collection of revenue as well as expenditure needs in order to arrive at the quantum of divisible pool of resources for distribution among Local Bodies.

Assessment of Standard of Service Delivery

11.3 Both ULBs and PRIs have been assigned to discharge some basic functions as outlined under Schedule-XI and Schedule-XII of the Constitution of India. There are some critical areas and subjects enlisted under the above schedules which deserve special attention. The Commission has made attempts to assess the basic needs in those sectors and funds required during the award period.

11.4 Rising level of aspirations of the citizens in a rapidly growing economy call for a fresh look at identification of demand driven sectors and the norms for public service delivery. Recognising this need, the Commission has taken inputs from the elected representatives and field officials working in the local bodies for assessment of sectoral needs. The technical organizations of the State Government were also consulted and their data inputs helped the Commission. PR& DW department and H& UD department have submitted memoranda projecting the requirement of funds in various sectors for the Local Bodies. The Commission has also made use of a study made by High Powered Expert Committee (HPEC) set up by the Ministry of Urban Development in 2008 in estimating expenditure on various services both per capita and per annum basis.

11.5 The Commission has accorded priority to those sectors where improvement of the standard of services delivered by the Local Bodies is required. The identified sectors for releasing Grants-in-aid to PRIs, include (i) provision of drinking water in stressed pockets, (ii) all weather connectivity to unconnected villages/hamlets, (iii) provision of facility at GP headquarters(waiting shed with toilet, RO drinking water), (iv) provision of solar street light, (v) development of rural haats owned by GPs, (vi) maintenance of capital assets, (vii) maintenance of primary school buildings, (viii) preservation and development of water bodies,(ix) creation of capital assets for revenue generation, (x) creation of District data centers and (xi) creation of accommodation for banking facilities at GP headquarters.

11.6 For ULBs, the focused sectors as delineated by the Commission include (i) sanitation and solid waste management, (ii) provision of safe drinking water, (iii) creation of capital assets for revenue generation, (iv) maintenance of capital assets, (v) maintenance of primary school buildings (vi) establishment of water testing labs at the district level, (vii) development of water bodies, (viii) electric crematorium, (ix) development of civic amenities, (x) strengthening of drainage and sewerage system and (xi) septage management.

Scheme of Transfer of Resources

11.7 While making recommendations the Commission kept in view the quantum of funds required by the Local Bodies and the extent of fiscal capacity of the State to transfer the required amount in their favour. The Commission has made recommendations under five broad categories:

- A) Untied devolution of funds,
- B) Assignment of taxes,
- C) Grants-in-aid,
- D) Recommendation for 15th CFC and
- E) Measures needed to enhance own source of revenue of Local Bodies.

11.8 From the equity point of view, it is necessary that higher spending is required in remote tribal areas compared to other areas of the State in order to address inadequate human and material resources, low level of access to basic services, additional transport cost involved and other limiting factors in delivering the services to the people. Therefore, the Commission recommends provision of additional allocation of 25% to the Gram Panchayats in Scheduled areas under devolution in addition to what is admissible to the rest of the Gram Panchayats.

11.9 After analysing the state's projected revenue and the projected expenditure needs, requirement of funds for ULBs and PRIs, the Commission has worked out the amount of funds for transfer which remains within 10% of State's net total tax revenue projected during the award period.

Introduction of Goods and Services Tax (GST) and its implication

11.10 Goods and Services Tax (GST) was introduced in the Country on 1st July 2017 through the Constitutional Amendment Act, 2016. With the enforcement of the GST Act, several indirect taxes that were under the purview of the Centre and State Governments have been subsumed into GST.

11.11 Further, GST comprises three elements namely CGST, IGST and SGST. Taxes levied by the Centre on supply of goods and services or both is called Central GST (CGST). The Goods and Services Tax so levied on inter-state trade and commerce is called Integrated GST (IGST), whereas the taxes levied by the States on such supplies are called State GST (SGST). The CGST and SGST are levied at rates recommended by the GST Council.

11.12 Besides, the new Article 279-A inserted following the Constitutional Amendment provides for the creation of GST Council. The GST Council is a joint forum of the Union and States. Thus, a new constitutional body has been created in the Indian fiscal federal structure. The Council has been entrusted with the responsibility of making recommendations on GST rates and exemption of Goods & Services under GST, etc.

11.13 GST is intended to promote transparency in indirect tax laws, bring in competitiveness and remove tax barriers across the States. GST has been accepted as a federal tax structure with uniformity in taxation rates throughout the country. This has immense significance impacting on the fiscal position of both the Centre and the States.

11.14 The States, as per the Goods and Services (Compensation to States) Act, 2017, will get compensation for the loss due to introduction of GST for five years from the date of implementation. For compensation, collection of taxes under the Acts subsumed in GST in the year 2015-16 has been taken as base year, and 14% is assumed as the annual growth rate to determine the protected revenue in a year after introduction of GST. The nominal growth rate of 14% is applied to the base year collection to calculate the protected revenue. If the actual collection of tax is less than the protected revenue, the shortfall is made good by compensation from the Central Government on bi-monthly basis.

11.15 The Goods and Services Tax (GST) has also been implemented in Odisha since 1st July 2017 by amalgamating Value Added Tax, Central Sales

Tax, Entry Tax, Entertainment Tax, Forest Development Tax, Advertisement Tax, and Luxury Tax.

11.16 Non-GST Goods are those goods which are not subsumed in current GST and, tax rate on these non-GST goods are to be decided by the respective State Governments as well as the Central Government. The non-GST goods, at present, are petroleum crude, high-speed diesel, motor spirit (commonly known as petrol), natural gas, aviation turbine fuel, and alcoholic liquor for human consumption.

Assessment of States' Revenue

11.17 After implementation of GST and its impact on State Finance, the Commission has taken into consideration various aspects while projecting the revenue of the State for the award period 2020-25. The growth rate of the State's economy in recent years and revenue buoyancy have been taken as inputs for working out the forecast of the State's own tax revenue. The average growth rate of GSDP over a period of 8 years has been worked out at 8% per annum and buoyancy calculated at 1.38 over the growth rate has been factored in so as to arrive at an annual growth rate of 11% for projecting the State's own revenue. The Commission has also taken note of the memorandum submitted by the State Government to the 15th Finance Commission. As per the projection made by the State Government, total gross tax proceeds during 2020-25 is estimated at Rs.2,18,944 crore. After deduction of the cost of collection from each of the components of gross tax revenue, the net tax proceeds is estimated at Rs.2,08,503 crore. The forecast of gross and net tax revenue is shown in **Table 11.1**. The percentage cost of collection for each tax to the total revenue collected as shown in Finance Accounts by C&A.G. is adopted and projected for the award period.

Table 11.1**Forecast of Gross Tax Revenue and Net Tax Revenue for the period
2020-25**

ITEMS	Gross Tax Revenue						Cost of Collection	Net Tax Revenue
	2020-21	2021-22	2022-23	2023-24	2024-25	2020-25		
1	2	3	4	5	6	7	8	9=(7-8)
SGST	15057.80	16864.14	18887.23	21153.10	23690.87	95653.14	3347.86	92305.28
Non-GST	8476.54	9408.79	10443.57	11592.16	12867.06	52788.12	1847.58	50940.54
M.V. Tax	2057.00	2262.70	2488.97	2737.87	3011.65	12558.19	941.86	11616.33
Land Revenue	567.70	584.73	602.27	620.34	638.95	3013.99	2411.19	602.80
Stamps and Registration Fee	1331.00	1464.10	1610.51	1771.56	1948.72	8125.89	325.04	7800.85
Taxes and Duties on Electricity	2732.63	2978.57	3246.64	3538.84	3857.33	16354.00	654.16	15699.84
State Excise	4681.98	5197.00	5768.67	6403.22	7107.58	29158.44	874.75	28283.69
Professional Tax	229.21	242.97	257.54	273.00	289.38	1292.10	38.76	1253.34
Total Tax Revenue	35133.86	39002.99	43305.40	48090.08	53411.54	218943.87	10441.21	208502.66

Source - Computed

11.18 The Commission has examined the methodologies adopted by the previous SFCs of the State, SFCs of other states to work out the divisible pool of resources. The Commission considered it appropriate to limit the total transfer of funds within 10% of State's Own Net Tax revenue.

11.19 The quantum of Own Source of Revenue of PRIs and ULBs comprising both tax and non-tax revenue has been examined with reference to data available in recent years. PR& DW department has submitted information on income of the PRIs for the period 2015-18. Similarly, information on income of ULBs has been obtained for the same period from three Revenue Divisions and additional information from H&UD department. During these three years, there is no significant growth of revenue in case of ULBs as well as PRIs.

However, the Commission has computed the projected revenue receipts for PRIs and ULBs for the award period basing on the information furnished by the concerned departments. **Table 11.2** indicates projection of own income of PRIs and ULBs during 2020-25.

Table 11.2

Projection of Own Income of PRIs and ULBs during 2020-25

(Rs.in Crore)

Year	2020-21	2021-22	2022-23	2023-24	2024-25	2020-25
ULBs	413.61	454.97	500.47	550.51	605.56	2525.12
PRIs	51.67	56.84	62.52	68.78	75.65	315.46
TOTAL						2840.58

Source: H & UD and PR & DW Department

A. Scheme of Devolution

11.20 The approach of the Commission as regards the devolution of funds in favour of Local Bodies is based on the following criteria :

- (i) While allocating the devolution of funds between PRIs and ULBs, the Commission has adopted the criteria such as density of population, size of population, percentage of population below poverty line (Tendulkar Methodology) and percentage of scheduled caste and scheduled tribe population with weightage assigned to each criterion.
- (ii) These criteria along with corresponding weightage against each work out in the ratio of 75:25 (rounded off) with regard to devolution of funds between PRIs and ULBs as shown in the **Table 11.3**.
- (iii) The devolution amount is to be made available as untied funds to the Local Bodies.

Table-11.3**Criteria for fund allocation among PRIs and ULBs and Estimate of Rural Urban Ratio**

Criteria	Data reference	Rural	Urban	Ratio within criterion		Weight	Ratio after weight is assigned to criterion	
				Rural	Urban		Rural	Urban
Density of population (per SQ KM)		228.48	2636.63	0.09	1	35%	0.03	0.35
Population (%)	2011 Census	83.31	16.69	4.99	1	35%	1.75	0.35
Percentage of persons below poverty line	2011-12 68th Round NSS	35.69	17.29	2.06	1	22%	0.45	0.22
SC & ST concentration	2011 Census	90.66	9.34	9.71	1	8%	0.78	0.08
Total weight						100%	3.01	1.00
Rural-Urban Sharing							75%	25%

Source: Computed

The total amount to be devolved in favour of local bodies, as decided by the Commission is estimated at Rs. 6100.70 crore. The amount for PRIs and ULBs has been worked out as Rs.4575.45 crore and Rs.1525.25 crore respectively.

Inter-se allocation of devolution of funds among the PRIs

11.21 As per the latest available information received from the PR & DW department, there are 6798 Gram Panchayats out of which 2068 Gram Panchayats are situated in the Scheduled area. Besides, there are 314 Panchayat Samitis (PSs) and 30 Zilla Parishads (ZPs) functioning in the State. Distribution of funds among the three tiers of PRIs is determined considering the nature of functions carried out by them. Among the three tiers of PRIs, Gram Panchayat is the base level unit of local self-government which operates in close proximity to citizens and provides basic services like village roads, drinking water, cleaning, sanitation, street light and a host of other services. Panchayat Samitis, being the second and intermediate tier of Panchayat Raj

Institutions function over larger area comprising a group of Gram Panchayats usually known as the Block. Zilla Parishad is the apex tier of the Rural Local Bodies, operating at the District level. The award of this Commission is aimed at strengthening the financial capability of all the tiers of PRIs. It may be stated here that this Commission has considered the number of GPs in each Panchayat Samiti and the number of Panchayat Samitis in each Zilla Parishad as the basis for calculating the inter-se devolution of funds among the three tiers of Panchayati Raj Institutions.

11.22 Inter-se allocation among GPs has been worked out basing on population size of each GP and grouped into four categories as was done by the previous SFC. Since GPs deliver the basic services to the people residing within their jurisdiction population appears to be appropriate criterion. However, the allocated funds should not be utilized for donation or charity to any organization or any religious activity. **Table 11.4** gives the details of allocation to the GPs on the basis of population size.

Table 11.4

Devolution to Gram Panchayats during 2020-25

Class	Population	Non-TSP Area			TSP		
		No of G.P.	Per G.P per year (Rs. in lakh)	Estimates 2020-25 (Rs. Crore)	No. of G.Ps in the Scheduled Area	Per G.P per year (Rs. in lakh)	Estimates 2020-25 (Rs in Crore)
A	<5000	2276	7.50	853.50	1123	9.38	526.41
B	5000-7500	1855	9.50	881.13	718	11.88	426.31
C	7500-10000	552	11.50	317.40	205	14.38	147.34
D	>10000	47	13.50	31.73	22	16.88	18.56
Total		4730		2083.76	2068		1118.62
TOTAL		6798		3202.38			

Source: Computed

11.23 To accord priority to the development needs and to take care of cost disadvantage of the scheduled areas, the Commission has devolved additional 25% of funds in favour of GPs situated in scheduled areas. Thus the total devolution to the 6798 GPs works out at Rs.3202.40 crore.

11.24 The number of GPs in each Panchayat Samiti has been taken as the basis for allocation of funds to Panchayat Samitis. For each GP, Rs.2.7 lakh per year has been provided during the award period. The total amount of devolution in favour of PSs is Rs.917.75 crore during the period 2020-25. This amount would be allocated among 314 Panchayat Samitis basing on the number of GPs in each PS.

11.25 The Commission has considered the number of Panchayat Samitis in each ZP as the basis in computing the devolution amount for Zilla Parishads. A sum of Rs. 29 lakhs per PS in a ZP per year has been taken as the basis and accordingly the Commission recommends Rs.455.30 crore for five years for 30 Zilla Parishads.

11.26 Table-11.5 explains the share of GP, PS and ZP both per annum as well as during the award period with regard to devolution of funds. It is observed that share of devolution of funds among GP, PS and ZP works out approximately in the ratio of 70:20:10 respectively.

Table 11.5

Devolution Pattern to PRIs during 2020-25

Tier	Count	per year (Rs. in lakh)	Estimates 2020-25 (Rs. in Crore)	Ratio (%)
GP	6798	-	3202.40	70.00
PS	314	2.70	917.75	20.00
ZP	30	29.00	455.30	10.00
Total			4575.45	100

Source : Computed

The year wise distribution of funds during 2020-25 for the three tiers of PRIs is shown in **Table 11.6**.

Table 11.6
Year-wise Devolution to PRIs during 2020-25

(Rs. in Crore)

	2020-21	2021-22	2022-23	2023-24	2024-25	2020-25
GPs	640.48	640.48	640.48	640.48	640.48	3202.40
PSs	183.55	183.55	183.55	183.55	183.55	917.75
ZPs	91.06	91.06	91.06	91.06	91.06	455.30
Total	915.09	915.09	915.09	915.09	915.09	4575.45

Source: Computed

Devolution of funds among ULBs

11.27 There are 5 Municipal Corporations, 48 Municipalities, and 61 Notified Area Councils (NACs) in the State, as per the latest data available from H&UD Department. These ULBs have the primary responsibility of providing basic services within their jurisdiction. ULBs vary in terms of area, population, availability of basic services, standard of services and income from own source. Since magnitude of services required is mostly determined on the basis of population size, inter-se allocation among ULBs is recommended to be made on the basis of population of each ULB.

11.28 The Commission is of the view that the Local Bodies have to discharge their functions as mandated under the constitution with devolution of funds allocated to them. Utilisation of funds by ULBs will be decided by them taking in to account the prioritised local needs. However, the allocated funds should not be utilized for donation or charity to any organization or any religious activity. **Table 11.7** presents the year-wise devolution of funds, to ULBs.

Table 11.7
Year-wise Devolution to ULBs during 2020-25

(Rs. in Crore)

	2020-21	2021-22	2022-23	2023-24	2024-25	2020-25
Municipal Corporations	123.95	123.95	123.95	123.95	123.95	619.75
Municipalities	130.00	130.00	130.00	130.00	130.00	650.00
NACs	51.10	51.10	51.10	51.10	51.10	255.50
TOTAL	305.05	305.05	305.05	305.05	305.05	1525.25

Source: Computed

B. Assignment of taxes

11.29 The previous SFC had recommended that Entertainment Tax should be levied and collected by both PRIs and ULBs. However, the same was not accepted by the Government on the ground of lack of capacity of Local Bodies to levy and collect the same. With introduction of GST, Entertainment Tax has been subsumed under GST. Hence, the Local Bodies are entitled to a share out of the net proceeds of State GST on account of Entertainment Tax.

11.30 Besides, Entry Tax shared with local bodies was treated as “compensation” for the loss on account of abolition of Octroi. As per List-II in the Seventh Schedule of the Constitution, Entry Tax is for the entry of goods into a “local area”. The Odisha Entry Tax Act, 1999 defines “local area” as municipalities, gram panchayats and areas under other local authorities. Therefore, the previous SFC was of the view that the Entry Tax should be legitimate revenue not only of ULBs, but also of PRIs and this tax should be assigned to both. Entry Tax was assigned to local bodies to meet expenses due to salary & establishment, sitting fee, honorarium, TA & DA.

11.31 Since Entry Tax, Advertisement Tax and Entertainment Tax have been subsumed under GST, the Commission recommends 7.46 percent of State GST (SGST) revenue would be assigned to these local bodies in lieu of Entry Tax, Advertisement Tax and Entertainment Tax. The share of net proceeds of SGST assigned to Local Bodies for the period 2020-25 is presented in **Table 11.8**.

Table 11.8
Share of net proceeds of SGST assigned to Local Bodies
(Rs. in Crore)

Items	2020-21	2021-22	2022-23	2023-24	2024-25	2020-25
1. Net SGST	14388.23	16194.56	18217.66	20483.53	23021.30	92305.28
2. Assignment out of Net GST to LBs	1265.46	1341.43	1336.84	1425.16	1520.40	6889.29
3. % Share (2/1)	8.80%	8.28%	7.34%	6.96%	6.60%	7.46%

Source: Computed

11.32 The Commission further recommends that maintenance and improvement of road infrastructure should be met from the share of net proceeds of Motor Vehicle Tax assigned to PRIs and ULBs. Out of net proceeds of MV tax during the award period, 8.03 per cent has been assigned to both PRIs and ULBs which has been presented in **Table 11.9**

Table 11.9

Share of net proceeds of M.V. Tax assigned to Local Bodies

(Rs. in Crore)

Items	2020-21	2021-22	2022-23	2023-24	2024-25	2020-25
1. Net M.V. Tax	1868.63	2074.33	2300.60	2549.49	2823.28	11616.33
2. Assignment out of Net M.V. Tax to LBs	158.98	171.69	185.43	200.26	216.29	932.65
3. % Share (2/1)	8.51%	8.28%	8.06%	7.86%	7.66%	8.03%

Source: Computed

Assignment in favour of PRIs

11.33 Basing on the actual of 2016-17 and 2017-18 (RE) with regard to salary and establishment expenditure etc. relating to PRIs for the period 2020-25 has been worked out. This amounts to Rs.3075.26 crore. The salary expenses are projected with an annual increase of 6% per annum. Besides, the Commission recommends that deployment of at least one Accountant-cum-Data Entry Operator for two GPs is required in order to manage the accounting records properly. Similarly, one GPTA for every two GPs is required for smooth execution of developmental works. Therefore, the Commission recommends creation of 3399 posts of Accountant-cum-DEO and 947 no. of posts of GPTA. Accordingly, the Commission has taken care of the requirement of funds on account of salary of Accountant-cum-DEOs and additional number of GPTAs included in the assignment of taxes.

11.34 The share of the SGST assigned to local bodies will also meet the expenses towards sitting fees, honorarium, TA, DA, HRA etc. The existing rates for PRIs are given in the **Table 11.10**.

Table 11.10
Existing Rates for PRIs

Designation	Honorarium	Sitting Fees	D.A.	T.A.	HRA
Sarapanch	1880	Rs.200	Rs.40		
Naib Sarapanch	750	Rs.200	Rs.40		
Ward Member		Rs.200	Rs.40		
Chairman, PS	2820	Rs.200	Rs.40		
Vice-Chairman, PS	1880	Rs.200	Rs.40		
Member, P.S.	1880	Rs.200	Rs.40		
President, Z.P	7500	Rs.220	Rs.80	Rs.10,000/- for entire year.	Rs.36,000/- for entire year.
Vice-President, Z.P	5630	Rs.220	Rs.80	Rs.5,000/- for entire year.	
Member, Z.P	2820	Rs.220	Rs.80		

Source: PR& DW Department

11.35 Local body representatives in different meetings with the Commission had requested to raise their entitlements. The Commission feels that an increase in sitting fees, honorarium, TA, DA etc.is justified in keeping with the role and responsibilities of the elected representatives. The Commission therefore recommends the revised rates of entitlement shown in **Table 11.11** during the award period 2020-25.

Table 11.11
Recommended Revised Rates for PRIs

Designation	Honorarium	Sitting Fees	D.A.	T.A.	HRA
Sarapanch	Rs.3000	Rs.250	Rs.75		
Naib Sarapanch	Rs.1500	Rs.250	Rs.75		
Ward Member		Rs.250	Rs.75		
Chairman, PS	Rs.5000	Rs.250	Rs.125		
Vice-Chairman, PS	Rs.3500	Rs.250	Rs.125		
Member, P.S.	Rs.3000	Rs.250	Rs.125		

Designation	Honorarium	Sitting Fees	D.A.	T.A.	HRA
President, Z.P	Rs.10000	Rs.275	Rs.175	Rs.15,000/- for entire year.	Rs.36,000/- for entire year.
Vice-President, Z.P	Rs.7500	Rs.275	Rs.175	Rs.7500/- for entire year.	
Member, Z.P	Rs.3750	Rs.275	Rs.175		

Source: Computed

11.36 Total expenditure requirement on account of revised entitlements has been estimated at Rs.576.03 crore during the award period which has been included in the assignment of taxes.

11.37 The Commission recommends Rs.546.47 crore towards maintenance and improvement of road infrastructure in rural areas during the award period. The Commission further recommends an increase of 8% per annum from the second year onwards. The concerned administrative department is required to make appropriate allocation among different levels of PRIs according to their needs.

11.38 The total estimated amount of assignment of taxes from SGST is Rs.3651.29 crore during the award period. The assignment from MV tax to PRIs is Rs.546.47 crore. Thus, the total assignment from both SGST and M.V tax to PRIs during the award period is recommended at Rs.4197.76 crore as indicated in **Table 11.12**.

Table No 11.12

Year-wise Assignment to PRIs during 2020-25

(Rs. in Crore)

ITEMS	2020-21	2021-22	2022-23	2023-24	2024-25	2020-25
Assignment (1+2) (out of SGST in lieu of Entry Tax)	666.40	696.47	728.35	762.14	797.93	3651.29
1. Salary & Establishment cost	551.19	581.26	613.14	646.93	682.74	3075.26

ITEMS	2020-21	2021-22	2022-23	2023-24	2024-25	2020-25
2. Sitting fee, Honorarium, TA & DA	115.21	115.21	115.21	115.21	115.19	576.03
3. Maintenance/ Improvement of road infrastructure (out of MV Tax)	93.15	100.60	108.65	117.34	126.73	546.47
TOTAL ASSIGNMENT (1+2+3)	759.55	797.07	837.00	879.48	924.66	4197.76

Source: Computed

Assignment of Taxes to Urban Local Bodies

11.39 Assignment of taxes to ULBs cover the salary and establishment expenses of the Officers and staff engaged in municipal administration in each category of ULBs such as Municipal Corporations, Municipalities and NACs. Besides, the sitting fees, honorarium, TA & DA for elected representatives are borne out of the amount allotted under assignment of taxes. The Commission has also taken into account the enhanced salary burden of the employees due to introduction of 7th Pay Commission announced by the Government. Besides, the Commission has also assigned a portion of the net proceeds of MV Tax meant for improvement of road infrastructure in ULBs.

Honorarium and Sitting fee

11.40 The existing rates of honorarium and sitting fee of elected representatives in Municipal Corporations, Municipalities and N.A.Cs, are given in **Table 11.13**.

Table 11.13
Existing Rates for ULBs

Designation	Municipal Corporation		Municipality		N.A.C	
	Honorarium	Sitting fee	Honorarium	Sitting fee	Honorarium	Sitting fee
Mayor / Chairman	Rs.8,000	Rs.700	Rs.5000	Rs.300	Rs.2500	Rs.300
Dy. Mayor / Vice-Chairman	Rs.5,000	Rs.700	Rs.2500	Rs.300	Rs.1500	Rs.300
Corporator / Councilor		Rs.700		Rs.300		Rs.300

Source: H & UD Department

11.41 Considering the demands raised by the elected representatives for enhancement of honorarium and sitting fee during the discussion held with the Commission, it is considered proper to raise the rate of honorarium and sitting fee. The enhanced recommended rates are given in **Table 11.14**.

Table 11.14
Recommended Revised Rates for ULBs

Designation	Municipal Corporation		Municipality		N.A.C	
	Honorarium	Sitting fee	Honorarium	Sitting fee	Honorarium	Sitting fee
Mayor/ Chairman	Rs.15,000	Rs.900	Rs.7500	Rs.400	Rs.5000	Rs.400
Dy. Mayor/ Vice-Chairman	Rs.10,000	Rs.900	Rs.4000	Rs.400	Rs.3500	Rs.400
Corporator/Councilor		Rs.900		Rs.400		Rs.400

Source: Computed

11.42 As per the revision in rates as recommended, the total expenses for the award period is estimated at Rs.12.78 crore (**Table 11.15**).

11.43 While computing the salary and establishment cost of the Municipal employees the expenditure figures have been taken from the budget document of H & UD Department as well as the information furnished by the ULBs. After considering the enhanced salary burden due to revised pay scale and allowing for annual increase on account of increment, dearness allowances etc. the total requirement of funds during the award period works out to Rs.3237.98 crore which can be met from the assignment under State GST as shown in **Table 11.15**.

11.44 Rapid urbanization and consequent pressure on road infrastructure makes increasing demand on repair and renovation of roads coming within the area of ULBs. Hence the Commission recommends to assign a portion of the net proceeds of MV tax for improvement and maintenance of roads. The Administrative Department will make allocation of funds among the ULBs taking into account the local needs. The amount assigned under MV tax is Rs.386.19 crore for this purpose during the award period. The year wise

assignment of taxes is indicated in **Table 11.15**. The total assignment of taxes for the urban local bodies both from SGST and M.V. Tax aggregates to Rs.3624.17 crore.

Table 11.15
Year-wise Assignment to ULBs during 2020-25

(Rs. in Crore)

ITEMS	2020-21	2021-22	2022-23	2023-24	2024-25	2020-25
Assignment (1+2) (Out of SGST)	599.06	644.96	608.49	663.02	722.47	3238.00
1. Salary & Establishment cost	596.50	642.40	605.93	660.46	719.91	3225.20
2. Sitting fee and Honorarium	2.56	2.56	2.56	2.56	2.56	12.80
3. Maintenance/ Improvement of road infrastructure (out of MV Tax)	65.83	71.09	76.78	82.92	89.56	386.18
TOTAL ASSIGNMENT(1+2+3)	664.89	716.05	685.27	745.94	812.03	3624.18

Source: Computed

11.45 The total assignment of taxes to Rural and Urban Local Bodies is recommended at Rs.4197.76 crore and Rs.3624.17 crore respectively, as shown in **Table 11.16**.

Table 11.16
Total Assignment of Taxes to PRIs and ULBs (2020-25)

(Rs. in Crore)

Local Bodies	Assignment
PRIs	4197.76
ULBs	3624.18
TOTAL	7821.94

Source: Computed

C. Grants-in-aid for Sector Specific Needs

11.46 As per ToR, the Commission is required to recommend the principles for Grants-in-aid to the GPs, PSs, ZPs or, as the case may be, Municipalities from the Consolidated Fund of the State. In this connection, the Commission decided to request the concerned Departments, viz. PR & DW Department as well as H & UD Department to indicate their requirement of funds after assessing the needs. Besides, the Commission also had the opportunity to interact with the elected representatives of PRIs as well as ULBs. Further, the

Commission had sought for information from different technical organisations of the State Government. The norms for delivery of public services prescribed by the State Government as well as Government of India have been kept in view while making assessment of such sectoral needs. However, it can be admitted that there is a wide gap between the requirement of funds posed by the Administrative Departments and the resources available for the purpose. The Commission has to prioritise the needs to the extent possible and accordingly recommends allocation of funds in different sectors.

Panchayati Raj Institutions

11.47 PR & DW Department have indicated the total requirement of funds taking into account various needs in respect of PRIs. Sector wise requirement of expenditure as posed by the Department is summarised in **Table 11.17**.

Table No.11.17

Sector specific requirements for PRIs

(Rs. in Crore)

Sl. No.	Sectors	Proposed Amount
1	Drinking water supply and Energy Charges	10270
2	All weather connectivity to unconnected Villages/hamlets	12000
3	Provision of facility at GP Headquarters	1360
4	Maintenance of Capital Assets	1200
5	Creation of Capital assets for Revenue generation	2040
6	Infrastructure Development in every District and Block Headquarters	620
7	Maintenance of residential and non-residential buildings	324
8	Engagement of Chowkidar-cum-Peon in G.P.	205
9	Engagement of DEO-cum-Accountant in GP	612
10	Remuneration of 12000 Self Employed Mechanics engaged in operation and maintenance of tube wells and PWS projects	360
11	Construction of new G.P. buildings which are dilapidated or having no buildings	420
12	Maintenance of roads and bridges	1500
13	Administrative contingency for MIS development (@ 2% of the total fund flow under 5 th SFC per annum)	618
Total		31529

Source: Memorandum of PR& DW Department

11.48.1. Drinking Water : There has been a welcome change in the setup of Rural Water Supply and Sanitation (RWSS) organisation. The RWSS which was earlier functioning under the administrative control of Rural Development Department has been transferred to the control of PR & DW Department. This change will facilitate better implementation of rural water supply projects and the PRIs are expected to play a positive role in accomplishing various tasks of RWSS. The drinking water sector in rural areas is largely dominated by hand pumps though pipe water supply schemes have been executed in some areas. The previous SFC had recommended 8 (eight) Mega Pipe Water Supply Projects with an estimated cost of Rs.590.80 crores. While reviewing the progress of the Mega Pipe Water Supply Projects, it is revealed that the projects are under execution and are likely to be completed in near future. However, the major challenges witnessed in this sector are the problems of salinity, fluoride, chloride and iron, affecting the ground water and surface water in some cases. The State Government has been taking up a number of pipe water supply projects in order to find out solution for such problematic areas. PR & DW Department has projected a requirement of Rs.10270crore for the period from 2020-25 in this sector inclusive of energy bills. Considering the availability of resources, the Commission is inclined to recommend an amount of Rs.1000 crore to take care of water stressed pockets. Besides, there is a requirement of meeting drinking water needs in small villages/hamlets having population of less than 100. PR & DW Department has posed requirement of funds to the extent of Rs.250 crore for installing solar energy based tube well system with overhead tank. This will provide drinking water facility to 5000 small villages/hamlets having acute water scarcity. This amount can be met out of the allocation of Rs.1000 crore as mentioned above. The balance requirement of funds may be met out of the Central Finance Commission grants.

11.48.2. All weather connectivity to unconnected villages/hamlets : All weather road connectivity is an important component of rural development. Villages and habitations get isolated due to lack of road communication and

are unable to avail of the benefits of various Government welfare schemes. The Commission considered it necessary to allocate some funds for providing all weather connectivity to such villages/hamlets. Information obtained from Planning & Convergence Department reveals that there are 4322 habitations involving a distance of 11723 kms to be made motorable. A list of number of habitations with distance from nearest motorable road point is indicated at Annexure-11.1. Huge funds would be necessary to complete all weather connectivity to these habitations. PR & DW Department has projected a requirement of Rs.12,000 crore for the period from 2020-25. Estimating an allocation of Rs.5.00 lakh per km., the Commission recommends a total amount of Rs.586.15 crore for the purpose. The balance requirement of funds can be met from the Central Finance Commission grants and further requirement, if any, can be met through convergence with MGNREGS.

11.48.3. Provision of facilities at Gram Panchayat Headquarters : In recent years, the headquarters of each GP has become a hub of public service delivery where distribution of pensions to the old, disabled, widows as well as distribution of benefits under various welfare schemes take place. Besides, some GPs also function as the agency under the Public Distribution System for distribution of rice and other commodities. As a result, congregation of the general public including old and infirm takes place on different days in a month at the GP headquarters. The Commission during visits to different GPs observed the constraints of waiting space along with lack of provision of purified drinking water and toilet facilities. The Commission felt it necessary that facilities such as provision of waiting shed, separate toilet facilities both for men and women and provision of safe drinking water are essential for providing the basic minimum facilities. After considering all these factors, the Commission recommends provision of Rs.10.00 lakhs per GP amounting to a total of Rs.679.80 crore during the award period. The balance requirement of funds can be met from the Central Finance Commission grants.

11.48.4. Provision of Street lights in Villages/Hamlets : As per 2011 Census, there are 81,54,960 households coming within 1,57,296 habitations

in the State. The previous SFC had recommended provision of 10 street lights in a village in every GP every year with electricity charges and O&M cost. There are still uncovered villages to be provided with street lights. Wherever electricity has not reached the villages, the option of Solar lighting can be explored, so that the villages are not deprived of the benefit of street lights. An amount of Rs.340 crore is recommended by the Commission towards provision of street lights in such villages.

11.48.5. Development of Rural Haats/Markets : Rural marketing network comprising weekly and bi-weekly haats as well as market yards operated by Regulated Marketing Committees (RMCs) strengthen the rural economy. These rural haats provide income for the Panchayats including a share of revenue from the RMCs in some cases. Rural markets provide economic opportunities for promotion and marketing of agricultural and non-agricultural produce. Development of rural markets with facilities like rest sheds for farmers and traders, drinking water, toilet and improved communication have been one of the prime considerations of the Commission. Accordingly, the Commission recommends a provision of Rs.300 crore for development of Rural Haats owned by GPs. PR & DW Department will identify such rural haats owned by GPs and accordingly distribute funds at the rate of Rs.60.00 crore each year with detailed guidelines.

11.48.6. Maintenance of Capital assets : It has been observed by the Commission that over the years a good number of capital assets have been created in the rural areas by spending funds under different Government schemes as well as by utilising the funds recommended by SFCs and CFCs. These assets include market complexes, kalyan mandaps, cremation grounds, tanks, orchards etc. Adequate provision of funds has to be made for maintenance and upkeep of these assets by the GPs. Own source of revenue of the GPs can hardly meet the requirement for maintenance of these assets. Therefore, the Commission recommends an amount of Rs.350 crore during the award period. The balance amount can be supplemented from CFC grants.

11.48.7. Maintenance of primary school buildings : The School and Mass Education Department has entrusted the responsibility of maintenance of primary school buildings to Local Bodies. Since the OSR of GPs cannot take care of such maintenance needs, the Commission feels that some Grants-in-aid should be given for this specific purpose. Accordingly, a sum Rs.314 crore is recommended for PSs @ Rs.1 crore for each PS during the award period for this purpose.

11.48.8. Preservation and development of water bodies : It has been reported by the PR & DW Department that there are many water bodies/ tanks existing under the control of GPs and they derive income by way of leasing out these tanks for pisciculture. It was observed by the Commission during the field visits that many of these tanks have been silted and are not fit for being leased out for pisciculture. It was also reported by the Department that steps have been taken to renovate the GP tanks and lease them out to the Women Self Help Groups. This is no doubt a good initiative which will not only preserve the water resources but also help in raising the water table. The Commission feels it necessary that more number of tanks should be renovated in order to augment own resource of GPs. Accordingly, an amount of Rs.125 crore is recommended for preservation and development of water bodies in GPs. Balance requirement can be met by convergence with other schemes.

11.48.9. Creation of Capital assets for revenue generation : It has been noticed that the income derived by the GPs from their own source is meagre. In case of some GPs, it amounts to a few thousand rupees only. Hence, it has been felt necessary by the Commission that various capital assets can be created by the GPs to generate more revenue. Assets like multi-purpose kalyan mandaps, market complexes, orchards and other assets can be created. The Commission recommends Rs.850 crore at the rate of Rs.170 crore per annum during the award period. Since PR&DW Department has posed the requirement of Rs.2040 crore for this sector, the Commission recommends the balance requirement to be funded out of grants from CFC.

11.48.10. Funds for Innovative Practices : In a world driven by innovations, innovative efforts need encouragement. During visits to different districts, it was observed by the Commission that efforts for innovative work and new initiatives have been taken up in limited cases utilising their own funds. In order to encourage new initiatives and innovative practices, the Commission feels the necessity of allocation of some earmarked funds to be kept at the disposal of the Administrative Department for distribution among PRIs on the basis of their proposals after due scrutiny. The Commission recommends an amount of Rs.75 crore at the rate of Rs.15.00 crore per annum to be utilised by the PRIs who will qualify for innovative initiatives.

11.48.11. Creation of District Data Centre at the district level for Local Bodies: The Commission faced problems regarding collection of data from the PRIs and ULBs. Information and data collected from the Local Bodies take a lot of time and sometimes the data presented to the Commission are not amenable to detailed analysis. Considering the huge flow of funds from various sources to the Local Bodies, it is necessary that a Data Centre at the district level has to be put in position. Systematic collection of data at regular intervals and uploading of such information from each unit of PRIs and ULBs is essential for monitoring the progress of different schemes along with the utilisation of funds. The Commission recommends an allocation of Rs.1.00 cr. per annum per district amounting to Rs.150.00 crore over a period of five years for creation of a District Data Centre in each district in consultation with E & IT Department.

11.48.12. Creation of Infrastructure for Banking Facilities at GP Headquarters: It is needless to say that provision of banking facilities is a sine qua non of modern economy. Financial inclusion has also been accepted as one of the policy goals enunciated by Reserve Bank of India. In spite of efforts made in the past, there are many GPs which do not have any banking facilities. Banks are at times reluctant to open any Branch in rural areas due to constraint of space. In order to have banking facilities at various GP

headquarters wherever viable, the Commission recommends Rs.125 crore @ Rs.25 crore per annum for creation of additional space at GP headquarters. Allocation of funds can be made by the PR & DW Department in consultation with Finance Department.

11.48.13. Incentive grant to Gram Panchayats : Incentives to GPs have been an integral part of the scheme of transfer of resources both by the CFC and SFC. Incentives can be granted to GPs taking into account their performance on two fronts – one is revenue generation from their own source and the second relates to the performance of the GPs on some social indicators like education, health, drinking water etc. The criteria for granting incentives have been worked out by the Commission as follows:

- (i) So far as revenue generation is concerned, the audited accounts of the GPs have to be taken into account while considering the OSR generated by the Panchayats. The GPs which achieve higher growth rate of OSR than the State's average growth rate of all GPs combined together should be incentivised.
- (ii) Social indicators such as the performance on account of immunisation coverage, enrolment of children in primary schools, provision of drinking water facilities etc. may be taken into account for deciding the incentive grant to GPs on the basis of achievements made in respect of the above social indicators. The Administrative Departments will work out the detailed guide lines.

An amount of Rs.160.00 crore @ Rs.40 crore per annum is recommended for four years. Since the amount of incentive will be given on the audited accounts, the incentive will commence from the year 2021-22.

Urban Local Bodies

11.49. H & UD Department had submitted an estimated requirement of Rs.23,227.12 crore for a five year period from 2020-25. The sector-wise requirement of funds proposed is summarised in **Table 11.18**.

Table 11.18**Sector specific requirements for ULBs**

(Rs. in Crore)

Sl. No.	Sectors	Proposed Amount
1.	Sanitation and Solid Waste Management	1747.03
2.	Urban Water Supply	2090.01
3.	Septage Management	315.60
4.	Urban Transport	1055.95
5.	Urban Infrastructure	1975.23
6.	Drainage	12,000.00
7.	Sewerage system	329.24
8.	Shelter for Urban Homeless	66.75
9.	e-Governance	196.80
10.	Maintenance of Schools	500.00
11.	Special Grants for Scheduled and Low population Density	600.00
12.	Administrative and Salary expenses	2350.51
	Total	23227.12

Source: H&UD Department

11.50.1 Sanitation and Solid Waste Management : ULBs have been entrusted with the responsibility to provide facilities and services for sanitation and solid waste management which includes collection, storage and treatment on site or conveyance/treatment for eventual disposal. Broadly, sanitation also includes safe management of faecal sludge, other related waste and animal waste. It is well known that inadequate sanitation causes many infectious diseases. Hence it becomes one of the primary responsibilities of ULBs to maintain clean roads and collect garbage both in solid or liquid form for proper disposal to improve the health and environment of the cities and towns. Considering all these factors, the Commission recommends an amount of Rs.380.00 crore for ULBs out of which an amount of Rs.30.00 crore will be set apart for introducing mechanical sweeping of roads. It has been observed by

the Commission during visits to Municipalities like Paradip and Angul that mechanical sweeping has been in practice to improve sanitation of roads with less manpower. As regards solid waste management, the Commission recommends that decentralised solid waste management through modern technology can be adopted by different Municipal Bodies since identifying a central dumping yard often encounters various problems including selection of sites and resistance from the local people. The funds earmarked for Solid Waste Management will be allocated among different Municipal Bodies by H & UD Department depending on their needs. Needless to say that solid waste management is a global problem faced by different countries. Improper disposal of solid waste can cause unhygienic conditions and ultimately result in environmental pollution. Hence, the Commission has given due attention to sanitation and solid waste management in ULBs. The balance requirement of fund in this sector can be met out of CFC grants.

11.50.2. Provision of safe drinking water : Providing water connections to individual households has been a priority for Local Bodies. In this regard, much progress has been achieved in spite of various difficulties like locating the source of water, laying of pipelines etc. Sometimes the pipelines have become old and damaged in some cities and towns which need replacement. As regards the present position of supply of drinking water, the information furnished by the Engineer-in-Chief, Public Health reveal that there are 18 ULBs which supply more than 135 LPCD, 66 ULBs provide between 70-135 LPCD, 29 ULBs provide drinking water less than 70 LPCD while the norm for provision of drinking water has been fixed at 135 LPCD at the national level. Hence, it is required to augment the provision of drinking water in 96 ULBs with priority on 30 ULBs which have not yet achieved 70 LPCD. There are water stressed pockets among 114 ULBs. The problem of salinity, iron and fluoride also remains in some cases. In order to tackle the problem of water supply in water stressed ULBs and to overcome the problem of fluoride, iron etc. as well as replacement of damaged pipes, an amount of Rs.500.00 crore is

recommended. H & UD Department shall allocate the funds among the ULBs depending on the local needs and existing conditions of pipe water system. Balance fund requirement can be met out of the grants from CFC.

11.50.3. Creation of Capital assets for revenue generation : It is necessary that ULBs should have sufficient OSR so as to fund different schemes under public service delivery system in order to fulfil the constitutional obligations. The Commission feels that allocation of funds has to be made to ULBs for creation of capital assets which would generate sufficient revenue. An amount of Rs.207crore is recommended for ULBs. Each NAC would be given Rs.20 lakh per annum, each Municipality would be given Rs.40 lakh per annum and each Municipal Corporation would be given Rs.2 crore per annum. Hence, the total amount for the award period of five years comes to Rs.207crore as indicated below:

(i)	NACs (61)	..	Rs.61.00 crore
(ii)	Municipalities (48)	..	Rs.96.00 crore
(iii)	Municipal Corporations (5)	..	<u>Rs.50.00 crore</u>
	Total:		<u>Rs.207.00 crore</u>

11.50.4. Maintenance of Capital assets : Capital assets such as shopping complexes, kalyan mandaps, tanks etc. have been created under different schemes in various ULBs. These assets require annual maintenance so as to generate adequate revenue. An amount of Rs.80.00 crore is kept towards maintenance of capital assets for five years at the rate of Rs.16.00 crore each year.

11.50.5. Maintenance of primary school buildings : The School and Mass Education Department has transferred the responsibility of maintenance of primary school buildings to ULBs. Since this is an additional responsibility entrusted to ULBs, the Commission recommends a sum Rs.26.05 crore for this purpose. Each NAC, Municipality and Municipal Corporation would be given an amount of Rs.15 lakh, Rs.30 lakh, Rs.50 lakh respectively for a period of five years.

11.50.6. Establishment of Water Testing Labs at the district level : The Commission examined the position of water testing laboratories functioning at the State level as well as in some districts. It is observed that facilities for water testing should be made available at the district level which can examine the samples drawn from rural and urban areas. The Commission recommends a provision of Rs.40 crore towards establishment of water testing laboratories at the district level in order to ensure supply of safe drinking water.

11.50.7. Development of water bodies : During visits to the districts of Angul and Jajpur, it was observed that Angul Municipality had developed an Eco-park by undertaking renovation and development of one derelict tank and its periphery with entertainment facilities, provision of R.O. drinking water, toilet and jogging track. Similarly, Jajpur Municipality has also developed a big water body named Kusuma Tank creating various facilities and improving the ambience of the reservoir. The Commission recommends development of at least one water body in every ULB in order to provide recreational facilities for the public and generate additional revenue. The Commission recommends an amount of Rs.125 crore for development of water bodies. H & UD Department would allocate the funds depending on the requirement of each ULB.

11.50.8. Electric Crematoria : Under Art.243 (W) of the Constitution of India, ULBs have been given the responsibility for development of burial grounds, cremation grounds and electric crematoria in the area of Municipal bodies as listed in the 12th Schedule. The Commission feels it necessary to promote the use of electric crematorium thereby causing less pollution and conserving the environment. Accordingly, an amount of Rs.50.00 crore is recommended by the Commission for construction of electric crematoria in ULBs. The funds shall be allocated among ULBs after assessment of the needs by H & UD Department.

11.50.9. Development of Civic amenities in Konark NAC : Konark temple is placed in the list of the World Heritage Sites and a good number of national and international tourists visit Konark every year. It is necessary to provide

civic amenities of reasonable standard in order to provide comforts to the visitors and the tourists. Such civic amenities include creation of parking space, entertainment facilities, toilet, drinking water facilities etc. The Commission recommends an amount of Rs.40 crore for development of civic amenities since Konark NAC does not have sufficient funds for this purpose. H&UD Department will prepare a suitable plan for creating the required facilities in Konark NAC.

11.50.10. Storm Water Drainage : Development of storm water drainage is a vital requirement in different ULBs as the problems of water logging occur during heavy rains. Natural drainage systems which have not been maintained properly get obstructed and create difficulties for smooth drainage of storm water. H & UD Department has posed a requirement of Rs.12000 crore which is a huge investment in this sector. However, in view of resource constraints, Commission recommends an amount of Rs.200 crore during the award period. It is the responsibility of H & UD Department to ensure that a proper Drainage master plan is prepared in each ULB. The balance amount may be met out of CFC grants.

11.50.11. Development of Infrastructure in new NACs : The information furnished by H & UD Department reveal that there are seven new NACs which have come up after the previous SFC submitted its report. These seven new NACs need some infrastructure as pointed out during the visit of the Commission to the concerned districts. The Commission recommends an amount of Rs.21 crore for these seven NACs @ Rs.3 crore each in order to develop new Meeting Hall and other infrastructure facilities.

11.50.12. Septage Management : H & UD Department has posed a requirement of Rs.315.60 crore for septage management in their memorandum. The Commission recommends an amount of Rs.50 crore for the purpose during the award period. The balance amount may be met out of CFC grants.

11.50.13. Funds for Innovative Practices : During visits to different ULBs the Commission observed that some of them have taken up new initiatives by spending their own funds. Normally both Central and State scheme fundings leave hardly any scope for taking up any new initiative or innovative practices. Considering this situation, the Commission feels it necessary to earmark some funds to be available with H & UD Department for allocation taking into consideration the proposals received from different ULBs for undertaking innovative practices. An amount of Rs.5 crore per annum totalling to Rs.25 crore over a period of five years has been earmarked by the Commission for this purpose.

11.50.14. Incentives : The Commission would like to allocate incentive grants to ULBs on the basis of their efforts in resource mobilisation. The Commission recommends that the ULBs which achieve higher rate of growth from their own source of revenue than the State's average growth rate need to be incentivised. An allocation of Rs.50 crore is made by the Commission towards incentives. While awarding incentive grants, H & UD Department should base the assessment of performance on the audited accounts. This incentive grant will be available only for four years commencing from 2021-22 at the rate of Rs.12.50 crore each year. H & UD Department may issue detailed guidelines in this regard.

11.51 The needs of rural and urban local bodies for providing services to the people as projected above under various heads has been shown in **Table 11.19** and **11.20** respectively.

Table 11.19
Sector Specific Fund Requirement for PRIs
(Rs. in Crore)

Sl. No.	Component	Total requirement of Sector Specific Funding	Grants from 5th SFC
1	Drinking water (Piped Water Supply)	10270.00	750.00
2	Tube well System(Solar Energy)	250.00	250.00
3	All weather connectivity to unconnected Villages/hamlets	6000.00	586.15

Sl. No.	Component	Total requirement of Sector Specific Funding	Grants from 5th SFC
4	Provision of facility at GP Headquarters	1360.00	679.80
5	Provision of Street lights in villages / hamlets.	340.00	340.00
6	Development of Rural Haats	300.00	300.00
7	Maintenance of Capital Assets	1200.00	350.00
8	Maintenance of Primary School Buildings	314.00	314.00
9	Preservation and development of Water bodies	375.00	125.00
10	Creation of Capital assets for Revenue generation	2040.00	850.00
11	Funds for Innovative Practices	75.00	75.00
12	Creation of District Data Centers at District Level for PRIs and ULBs	150.00	150.00
13	Creation of Infrastructure for Banking facilities at GP Hqrs	125.00	125.00
14	Incentives	160.00	160.00
Grand Total		22799.00	5054.95

Source: Computed

Table 11.20

Sector Specific Fund Requirement for ULBs

(Rs. in Crore)

Sl. No.	Component	Total requirement of Sector Specific Funding	Grants from 5th SFC
1	Sanitation and solid waste management	1194.63	380.00
2	Provision for safe drinking water	1489.25	500.00
3	Creation of Capital Assets for Revenue generation	207.00	207.00
4	Maintenance of Capital assets	80.00	80.00
5	Maintenance of Primary School Buildings	26.05	26.05
6	Establishment of water testing labs at district level and automation	57.01	40.00
7	Development of water bodies	125.00	125.00
8	Electric crematoria	50.00	50.00

Sl. No.	Component	Total requirement of Sector Specific Funding	Grants from 5th SFC
9	Development of civic amenities at Konark NAC	40.00	40.00
10	Storm water drainage	9985.17	200.00
11	New NACs Infrastructure	21.00	21.00
12	Septage Management	260.75	50.00
13	Funds for Innovative Practices	25.00	25.00
14	Incentives	50.00	50.00
	Total	13560.86	1794.05

Source: Computed

Grants-in-aid for PRIs and ULBs

11.52 The summary of Grants-in-aid for different sectors as recommended by the Commission is indicated in **Table-11.21**.

Table No.11.21

Year-Wise Sector Specific Funding to Local Bodies from 2020-25 (Rs. in crore)

	Sl. No	Sectors	2020-21	2021-22	2022-23	2023-24	2024-25	Total
PRIs	1	Drinking water (Piped Water Supply)	150.00	150.00	150.00	150.00	150.00	750.00
	2	Tube well System(Solar Energy)	50.00	50.00	50.00	50.00	50.00	250.00
	3	All weather connectivity	117.23	117.23	117.23	117.23	117.23	586.15
	4	Provision of facilities at GP headquarters	135.96	135.96	135.96	135.96	135.96	679.80
	5	Provision of street lights	68.00	68.00	68.00	68.00	68.00	340.00
	6	Development Rural Haats	60.00	60.00	60.00	60.00	60.00	300.00
	7	Maintenance of Capital assets	70.00	70.00	70.00	70.00	70.00	350.00
	8	Maintenance of Primary School Buildings	62.80	62.80	62.80	62.80	62.80	314.00
	9	Preservation and development of water bodies	25.00	25.00	25.00	25.00	25.00	125.00
	10	Creation of capital assets for revenue generation	170.00	170.00	170.00	170.00	170.00	850.00
	11	Funds for innovative Practices	15.00	15.00	15.00	15.00	15.00	75.00
	12	Creation of District Data Centers at District Level for PRIs and ULBs	30.00	30.00	30.00	30.00	30.00	150.00
	13	Creation of Infrastructure for Banking facilities at GP Hqrs	25.00	25.00	25.00	25.00	25.00	125.00
	14	Incentives	0.00	40.00	40.00	40.00	40.00	160.00
	Total		978.99	1018.99	1018.99	1018.99	1018.99	5054.95

	Sl. No	Sectors	2020-21	2021-22	2022-23	2023-24	2024-25	Total
ULBs	1	Sanitation & Solid Waste Management	76.00	76.00	76.00	76.00	76.00	380.00
	2	Provisions for safe drinking water	100.00	100.00	100.00	100.00	100.00	500.00
	3	Creation of capital assets for revenue generation	41.40	41.40	41.40	41.40	41.40	207.00
	4	Maintenance of capital assets	16.00	16.00	16.00	16.00	16.00	80.00
	5	Maintenance of Primary School Buildings	5.21	5.21	5.21	5.21	5.21	26.05
	6	Establishment of water testing labs at district level	8.00	8.00	8.00	8.00	8.00	40.00
	7	Development of water bodies	25.00	25.00	25.00	25.00	25.00	125.00
	8	Electric crematorium	10.00	10.00	10.00	10.00	10.00	50.00
	9	Development of civic amenities at Konark NAC	8.00	8.00	8.00	8.00	8.00	40.00
	10	Storm water drainage	40.00	40.00	40.00	40.00	40.00	200.00
	11	New NACs' Infrastructure	4.20	4.20	4.20	4.20	4.20	21.00
	12	Septage Management	10.00	10.00	10.00	10.00	10.00	50.00
	13	Funds for Innovative Practices	5.00	5.00	5.00	5.00	5.00	25.00
	14	Incentives	0.00	12.50	12.50	12.50	12.50	50.00
		Total	348.81	361.31	361.31	361.31	361.31	1794.05
		Grand Total:						6849.00

Source: Computed

The State Finance Commission thus recommends total Grants-in-aid of Rs.6849.00 crore out of which share of PRIs is Rs.5054.95 crore and share of ULBs is Rs.1794.05 crore.

Summary of transfer of resources to Local Bodies

11.53 Funds recommended by the Commission under devolution, assignment of taxes and Grants-in-aid amount to Rs.20771.47crore the break-up of which is indicated in **Table:11.22**.

Table 11.22

**Total Resource Transfer to Local Bodies recommended for the period
2020-25
(From State Resources)**

(Rs. in crore)

HEADS	2020-21	2021-22	2022-23	2023-24	2024-25	2020-25
a) DEVOLUTION						
i) PRIs	915.09	915.09	915.09	915.09	915.09	4575.45
ii)ULBs	305.05	305.05	305.05	305.05	305.05	1525.25
TOTAL	1220.14	1220.14	1220.14	1220.14	1220.14	6100.70
b) ASSIGNMENT OF TAXES						
i) PRIs	759.55	797.07	837.00	879.48	924.66	4197.76
ii)ULBs	664.89	716.05	685.27	745.94	812.03	3624.18
TOTAL	1424.44	1513.12	1522.27	1625.42	1736.69	7821.94
c) GRANTS-IN-AID						
i) PRIs	978.99	1018.99	1018.99	1018.99	1018.99	5054.95
ii)ULBs	348.81	361.31	361.31	361.31	361.31	1794.05
TOTAL	1327.80	1380.30	1380.30	1380.30	1380.30	6849.00
GRAND TOTAL	3972.38	4113.56	4122.71	4225.86	4337.13	20771.64

Source: computed

While making the allocations, the Commission has taken care to ensure that the total transfer remains within 10% of the net proceeds of State's taxes projected year-wise and also for the award period.

D. Recommendations to Central Finance Commission:

11.54 As per the ToR under para 7, it has been stipulated that for the purpose of assessment of supplementing the resources of the Panchayats and Municipalities by the Central Finance Commission, the Commission shall, -

- i)** follow a normative approach in the assessment of revenues and expenditure rather than make forecasts based on historical trends;
- ii)** take into *per capita* norms for revenue generation, the data relating to the tax bases and avenues for raising non-tax income by the Municipalities and the Panchayats, assuming reasonable buoyancies and the scope for additional resource mobilization; and
- iii)** take into account *per capita* expenditure norms on the basis of average expenditure incurred by some of the best performing Municipalities and Panchayats in the provision of core services.

Although PR &DW and H&UD Departments were requested to furnish relevant information on revenue generation and expenditure in different sectors, the Commission found that the information supplied by the Departments were not amenable to arrive at a normative approach in assessment of revenue and expenditure for the award period. At the same time, the Commission has not made any forecast of revenue and expenditure based on historical trends. The Commission considered it appropriate to rely on the data relating to 2017-18 as the base year. The Commission has taken the total expenditure of some of the best performing Municipal Corporations, Municipalities, NACs and GPs, and then arrived at per capita expenditure. Similarly, for the purpose of calculating revenue generation out of their own source, the total revenue of each of the local bodies was calculated and per capital revenue generation was arrived at.

11.55 On the basis of the approach as outlined above, the Commission has estimated that the total expenditure requirement for PRIs comes to Rs.22799

crore and for ULBs Rs.13560.86 crore during the award period 2020-21 to 2024-25.

Basing on the similar approach, an analysis was made calculating the per capita revenue generated in the financial year 2017-18. The data collected from Municipal Corporations, Municipalities, NACs through the Department reveal that the average per capita income from their own source in case of Municipal Corporations is Rs.633.13. While per capita revenue generated from own source in case of Sambalpur Municipal Corporation is the lowest at Rs.229.74 and the highest per capita revenue at Rs.1605.92 is observed in case of Bhubaneswar Municipal Corporation. This wide variation in per capita revenue is also observed in Municipalities and NACs.

11.56 The poor resource base of the rural local bodies is evident from the discussion made earlier in this report. Income of most of the GPs has not exhibited any significant growth. Rather, the same has almost remained stagnant over the years which can hardly even meet their establishment expenditure. In the above circumstances, own income of the local bodies being so meager against the requirement of funds projected by them, the Commission is not inclined to reduce their entitlement by further deducting that limited income from the devolution of funds. So, whatever own resources they generate be left untouched for providing improve basic services and amenities to the people in public interest.

11.57 Article 280 (3) (bb) & (c) of the Constitution stipulates that the CFC should recommend the measures needed to augment the Consolidated Fund of the State to supplement the resources of the rural and urban local bodies in addition to transfer of funds recommended by the SFC. The total fund requirement worked out by the Commission for the Local Bodies during the five-year period 2020-25 is Rs.50,282.50 crore out of which, the State Finance Commission recommends an amount of Rs.20,771.47 crore, which leaves a gap of Rs.29,510.86 crore. The Commission therefore, recommends that the 15th Finance Commission may consider augmenting the State's Consolidated

Fund by Rs.29,510.86 crore to supplement the resources of the local bodies over and above the fund recommended for transfer from the State's resources. The total fund requirement as assessed by the Commission for the five-year period 2020-25 is indicated in **Table 11.23**.

Table 11.23**Fund requirement of Local Bodies during 2020-25****(Rs. in Crore)**

Funds requirement of the Local Bodies during 2020-25		
1	Devolution	6100.70
2	Assignment of taxes	7821.94
3	Grants-in-aid	36359.86
Total		50282.50
4	SFC	20771.47
5	CFC	29510.86

*Source: computed***E. Measures needed to enhance own source of revenue of Local Bodies**

11.58 Art. 243(H) and Art.243(X) of the Constitution authorise the State Government to empower the Local Bodies to impose taxes including assignment of such taxes, duties, tolls and fees levied and collected by the State Government in addition to provide for making such Grants-in-aid from the Consolidated Fund of the State.

There is no denying of the fact that funds are necessary to enable the Local Bodies to discharge their constitutional duties and responsibilities. A substantial portion of funding is being allocated in favour of Local Bodies through the constitutional mechanism of CFC and SFC on the basis of their recommendations. It has been observed over the years that own resources of Local Bodies have not grown substantially so as to reduce their dependence on transfer of funds from both the Union and the State Governments. There is a

greater need to empower Local Bodies in such a way that they should be in a position to generate and mobilise their own resources to a considerable extent.

11.59 The legal provisions envisaged under the Odisha Gram Panchayat Act 1964, Odisha Municipal Act 1950 and Odisha Municipal Corporation Act, 2003 enable the GPs and Municipalities to mobilise resources from their own source. There are some issues listed below, which point out certain deficiencies and constraints.

- i)** The Local Bodies mostly concentrate on spending funds flowing through the SFC, CFC and various schemes implemented by the State and Central Government. They need to take initiatives to augment their own source of revenue. Some PRIs and ULBs have taken the lead and shown the way.
- ii)** Poor Asset Management Policy of the Local Bodies in respect of assets like tanks, market sheds, orchards etc. existing or newly created is largely responsible for low income base.
- iii)** Many of the taxes and fees specified under the Act are not elastic or buoyant so as to yield sufficient revenue. For example, cycle licence fee is so meagre that Panchayats do not consider for enforcement. With the changing times motor cycles have started replacing cycles.
- iv)** Property Tax which is a promising source in raising revenue has not been given due attention by way of expanding the tax base, revising the rates and improving collection efficiency.
- v)** There is a preponderance of Non Tax revenue over Tax revenue in revenue generation. Hence, there is a need to expand the base of non-tax revenue.
- vi)** In Gram Panchayats and Urban Local Bodies do not levy user fees or service charges, as limited services are provided in some cases and the standard of basic services is not qualitative enough for raising adequate resources from such services.

Recommendations

11.60 The Commission recommends the following measures to mobilise additional resources by GPs:

- a. In place of cycles, bullock carts, rickshaws, Gram Panchayats should be empowered to levy licence fee on motor cycles, auto rickshaws and other two wheelers, tractors, agricultural implements, mini trucks etc. to augment their income and spend the amount collected on improvement of the road infrastructure.
- b. Commercial centres, shopping complex, other commercial enterprises, mobile towers should be levied trade licence fee by GPs as prescribed under the Act.
- c. All Panchayat Tanks should be leased out for pisciculture after renovation as it has been observed that some derelict tanks are not leased out for years together.
- d. Existing orchards and new orchards need to be developed and be leased out after proper maintenance. This is suggested for the areas where horticulture crops yield sizeable income for the Panchayats.
- e. In spite of incentives granted for enhancing revenue, it has been noticed that no remarkable growth of OSR has been achieved. The Commission felt that the State Government may consider to give a matching grant, if OSR is increase by more than 20% annually of any GP, which may induce the GPs to exert themselves for increasing their revenue.
- f. It may be mentioned here that GPs were empowered earlier to impose and collect Property Tax called “Panchayat Tax” under sections 78 to 82 of the Odisha Gram Panchayat Act, 1964. Subsequently, the said provisions were deleted through amendment under Odisha Act 16 of 1967. Now it is felt necessary that Property Tax can be introduced and the same can be levied subject to some exemptions like thatched houses, small houses of a particular plinth area, houses constructed under the schemes of Government and allotted to beneficiaries etc. The Commission recommends that the Government may examine this matter and empower

the Gram Panchayats to levy Property Tax in the rural areas particularly in census towns to augment its own income.

- g.** Whenever industrial units are set up over the land acquired from private land owners along with Government land or on Government land alone, the industries take all the benefits without contributing anything to the Local Bodies in whose jurisdiction such industries are located. It may be mentioned that such industries do contribute to the pollution level as well as damages are caused to infrastructural facilities in the periphery. It may be necessary for those industries to pay some developmental charges to be levied on them by the concerned Local Bodies. The rates of such developmental charges can be decided by the Government. Substantial amount of revenue can accrue to Local Bodies where such industries are located.
- h.** With the increasing trend of power consumption in the State due to industrial growth, thermal power plants are being set up. It goes without saying that thermal power plants contribute to high pollution levels. The Government may consider imposing a cess on generation of power by the power plants to be shared between the Rural and Urban Local Bodies in whose jurisdiction the power plants are set up.
- i.** Regulated Marketing Committees (RMCs) are functioning under the Odisha Agricultural Produce Markets Act, 1956. They are managing different agricultural markets and collecting market fees from the agricultural produce which come to the market yards. After 73rd and 74th amendment of the Constitution, management of the markets and fairs have been the constitutional responsibility of Local Bodies. As such, it is necessary that such markets situated in Gram Panchayat/Municipal areas which are being managed by the RMCs should be transferred to the management of the Local Bodies concerned. There are 242 market yards which are managed by the RMCs on revenue sharing basis. The Gram Panchayats have received Rs.1.06 crore and Rs.1.09 crore in the years 2015-16 and 2016-17 respectively as their share of revenue. During visits

of the Commission to different Gram Panchayats, the Gram Panchayats expressed keen desire to take over the market yards now being managed by the RMCs. The Commission recommends that all market yards managed on revenue sharing basis by RMCs may be transferred to the control of the Gram Panchayats and the Municipalities in whose jurisdiction such market yards function.

- j.** The report of the 3rd State Finance Commission indicates that there were 2112 markets, 66801 tanks, many orchards, 8324.675 acres of waste land, existing as assets of all the Gram Panchayats for the years from 1995-96 to 1998-99. Over the period of last 20 years, many more new assets have been added. These assets constitute important source of revenue for Gram Panchayats. Due to poor maintenance and lack of adequate funds for proper development, income derived from these assets has not grown substantially. The Commission recommends that by converging funds available under different schemes these income generating assets can be maintained efficiently to yield higher revenues for GPs. Similarly, for Urban Local Bodies, the same approach can be adopted.
- k.** The Gram Panchayats levy a registration fee on the traders who deal with Minor Forest Produce as per PR & DW Department order dated 01.02.2016 (Annexure-11.2). The Commission is of the view that while keeping the registration fee as prescribed by the Government for all traders intact, a transaction fee can also be levied by the Panchayats based on volume of transactions. This matter may be examined by Government and appropriate action may be taken.

11.61 The Commission recommends the following measures to mobilise additional resources by ULBs:

- a.** A tax on vacant land in urban areas can be examined by the Government to mobilise additional resources and at the same time fostering urban development. This has been recommended by the study on revenue

mobilisation undertaken by All India Institute of Local Self Government at the behest of the Commission.

- b.** A tax on deficit parking space in Commercial areas can be considered by the State Government so as to ensure better parking management and raising resources.
- c.** The Commission recommends for consideration of the Government to levy a cess on conversion of agricultural land for non-agricultural use. The proceeds of the cess can be shared between the Panchayats and the ULBs in the ratio of 75:25 respectively.
- d.** With the growth of private Nursing Homes and Hospitals in Urban areas, it is necessary that a suitable service charge should be levied by the concerned Local Bodies on these institutions. Although a community is served by the services they provide, but they also put additional load on the Local Bodies affecting hygiene and sanitation. Hence, there is a need to collect service charges at a special rate from such institutions.
- e.** At present some Urban Local Bodies are collecting parking fees out of the parking of vehicles on the roads or designated parking areas. New Market Centres have also grown up in the rural areas. The Commission feels that appropriate parking space should be developed by Urban Local Bodies and Rural Local Bodies wherever such parking areas are needed and such Local Bodies may levy parking fees not only to augment their own income but also to regulate the traffic. An example can be cited that at the World Heritage site like Konark where the world-famous Sun Temple is situated, there is a need for designated parking area and the Urban Local Body can be benefited by developing designated Parking area along with facilities for drinking water, toilets and other facilities so that more number of vehicles can be attracted for parking on those places, consequently, augmenting own revenue of ULBs.
- f.** Property tax constitutes an important source of revenue for ULBs. With growing urbanisation in the State, adequate attention has to be paid by

ULBs to bring all un-assessed holdings into the tax net and to revise the rates at regular intervals so as to fetch substantial revenue.

- g.** ULBs can augment their own source of revenue by levy of service charges on sewerage and solid waste disposal wherever such services are provided. Payment of service charges can be levied where users are identifiable.

CHAPTER-XII

Summary of Recommendations

A summary of recommendations of the Commission is presented under the following broad heads :

- A.** Transfer of funds
- B.** Institutional strengthening:
 - (i)** Strengthening of human resources
 - (ii)** Strengthening of infrastructure facilities
 - (iii)** Other financial and accounting measures
- C.** Measures needed to enhance OSR of Local Bodies.
- D.** General Issues

A. Transfer of funds:

The Commission considered it appropriate to limit the total transfer of funds within 10% of State's Own Net Tax revenue projected for the period 2020-25. **(11.18)**

I. Devolution

✓ The principles with regard to devolution of funds, as adopted by the Commission, are as follows:

- a.** Devolution of funds between PRIs and ULBs is based on criterion such as density of population, size of population, percentage of population below poverty line (Tendulkar Methodology) and percentage of scheduled caste and scheduled tribe population with weightage assigned to each criterion. **(11.20-i)**
- b.** Based on the criteria cited above, devolution of funds is to be distributed between PRIs and ULBs in the ratio of 75:25. **(11.20-ii)**
- c.** The devolution amount is to be untied in nature. **(11.20-iii)**

- d. Inter se distribution among GPs, PSs and ZPs works out approximately in the ratio of 70:20:10 respectively. **(11.26)**
- e. Inter-se allocation among ULBs is recommended on the basis of population of each ULB. **(11.27)**
- ✓ Devolution of funds to PRIs and ULBs are Rs.4575.45 crore and Rs.1525.25 crore respectively out of total devolution amount of Rs.6100.70 crore. **(11.20)**
- ✓ GPs were grouped into four categories basing on population size in each GP and amount of devolution is recommended by the Commission for each category. **(11.22)**
- ✓ To accord priority to the development needs and to take care of cost disadvantage of the scheduled areas, the Commission has devolved additional 25% of funds in favour of GPs situated in scheduled areas. The total devolution to all 6798 GPs is Rs.3202.40 crore. **(11.23)**
- ✓ The number of GPs in each Panchayat Samiti has been taken as the basis for allocation of funds to Panchayat Samitis. While allocating funds for PSs, @ Rs.2.7 lakh per GP per year has been calculated for the award period. The total amount of devolution in favour of PSs is Rs.917.75 crore during the period 2020-25. **(11.24)**
- ✓ The Commission has considered the number of Panchayat Samitis in each ZP as the basis in computing the devolution amount for Zilla Parishads. While allocating funds for ZPs, @ Rs.29 lakhs per PS per year has been calculated and accordingly the Commission recommends Rs.455.30 crore for five years for 30 Zilla Parishads. **(11.25)**
- ✓ The total devolution recommended to GPs, PSs and ZPs amounts to Rs.3202.40 crore, 917.75 crore and 455.30 crore respectively as shown year wise in the Table presented below **(11.26)**:

Year-wise Devolution to PRIs during 2020-25**(Rs. in Crore)**

	2020-21	2021-22	2022-23	2023-24	2024-25	2020-25
GPs	640.48	640.48	640.48	640.48	640.48	3202.40
PSs	183.55	183.55	183.55	183.55	183.55	917.75
ZPs	91.06	91.06	91.06	91.06	91.06	455.30
Total	915.09	915.09	915.09	915.09	915.09	4575.45

✓ The Commission recommends Rs.619.75 crore, Rs.650 crore and Rs.255.50 crore for Municipal Corporations, Municipalities and NACs respectively out of total devolution to ULBs amounting to Rs.1525.25 crore as shown year wise in the Table below. **(11.28)**

Year-wise Devolution to ULBs during 2020-25**(Rs. in Crore)**

	2020-21	2021-22	2022-23	2023-24	2024-25	2020-25
Municipal Corporations	123.95	123.95	123.95	123.95	123.95	619.75
Municipalities	130.00	130.00	130.00	130.00	130.00	650.00
NACs	51.10	51.10	51.10	51.10	51.10	255.50
TOTAL	305.05	305.05	305.05	305.05	305.05	1525.25

II. Assignment of Taxes

✓ Since Entry Tax, Advertisement Tax and Entertainment Tax have been subsumed under GST, the Commission recommends 7.46 percent of State GST (SGST) revenue be assigned to LBs in lieu of Entry Tax, Advertisement Tax and Entertainment Tax. **(11.31)**

✓ The Commission further recommends that 8.03 per cent net proceeds of Motor Vehicle Tax assigned to PRIs and ULBs for maintenance and improvement of road infrastructure. **(11.32)**

II (i) Assignment of Taxes to PRIs

✓ The Commission recommends an allocation of Rs.3075.26 crore towards salary and establishment cost for PRIs. This amount includes salary of

Accountant-cum-DEOs and additional number of GPTAs recommended by the Commission. **(11.33 & 11.38)**

✓ The Commission recommends Rs.576.03 crore towards enhanced sitting fee, honorarium, TA&DA of the elected representatives of PRIs out of SGST in lieu of Entry tax. **(11.38)**

✓ The Commission recommends Rs.546.47 crore towards maintenance and improvement of road infrastructure in rural areas out of MV tax during the award period. The Table below indicates year wise assignment of taxes in favour of PRIs. **(11.38)**

Year-wise Assignment to PRIs during 2020-25

(Rs. in Crore)

ITEMS	2020-21	2021-22	2022-23	2023-24	2024-25	2020-25
1. Assignment (out of SGST in lieu of Entry Tax)	666.40	696.47	728.35	762.14	797.93	3651.29
2. Maintenance/ Improvement of road infrastructure (out of MV Tax)	93.15	100.60	108.65	117.34	126.73	546.47
Total	759.55	797.07	837.00	879.48	924.66	4197.76

(ii) Assignment of Taxes to ULBs

✓ The Commission recommends Rs.3225.20 crore towards salary and establishment cost and Rs.12.80 crore towards revised sitting fee and honorarium of the elected representatives of ULBs out of SGST in lieu of Entry Tax. **(11.44)**

✓ An amount of Rs. 386.18 crore is assigned out of net proceeds of MV Tax towards maintenance and improvement of road infrastructure during the award period. **(11.44)**

✓ The total assignment of taxes to PRIs and ULBs is recommended at Rs.4197.76 crore and Rs.3624.17 crore respectively. The Table below indicates assignment of taxes year wise in favour of ULBs **(11.45)**

Year-wise Assignment to ULBs during 2020-25**(Rs. in Crore)**

ITEMS	2020-21	2021-22	2022-23	2023-24	2024-25	2020-25
1.Assignment (1+2) (Out of SGST)	599.06	644.96	608.49	663.02	722.47	3238.00
2.Maintenance/ Improvement of road infrastructure (out of MV Tax)	65.83	71.09	76.78	82.92	89.56	386.18
Total	664.89	716.05	685.27	745.94	812.03	3624.18

III (i) Grants-in-aid to PRIs

- ✓ The Commission recommends an amount of Rs.1000 crore for meeting drinking water needs with special emphasis on water stressed pockets. This amount includes Rs.250 crore for installation of solar energy based tube well system with overhead tank. **(11.48.1)**
- ✓ Estimating an allocation of Rs.5.00 lakh per km., the Commission recommends a total amount of Rs.586.15 crore for all weather connectivity to 4322 unconnected villages/hamlets. **(11.48.2)**
- ✓ The Commission recommends provision of Rs.10.00 lakhs per GP amounting to a total of Rs.679.80 crore for provision of waiting shed, separate toilet facilities both for men and women and provision of safe drinking water during the award period. **(11.48.3)**
- ✓ An amount of Rs.340 crore is recommended by the Commission towards provision of street lights in uncovered villages. The option of Solar lighting can be explored. **(11.48.4)**
- ✓ A provision of Rs.300 crore @ Rs.60 crore per annum is recommended for development of Rural Haats owned by GPs. **(11.48.5)**
- ✓ The Commission recommends an amount of Rs.350 crore for maintenance of capital assets during the award period. **(11.48.6)**
- ✓ A sum Rs.314 crore is recommended for PSs @ Rs.1 crore for each PS during the award period for maintenance of primary school buildings.**(11.48.7)**
- ✓ An amount of Rs.125 crore is recommended for preservation and development of water bodies in GPs. **(11.48.8)**

✓ The Commission recommends Rs.850 crore @ Rs.170 crore per annum for creation of capital assets for revenue generation like multi-purpose kalyan mandaps, market complexes, orchards etc. during the award period. **(11.48.9)**

✓ In order to encourage new initiatives and innovative practices, the Commission recommends an amount of Rs.75 crore @ Rs.15.00 crore per annum to be utilised by the PRIs who will qualify for innovative initiatives. **(11.48.10)**

✓ The Commission recommends an allocation of Rs.1.00 cr. per annum per district amounting to Rs.150.00 crore over a period of five years for creation of a District Data Centre for PRIs and ULBs in each district. **(11.48.11)**

✓ In order to have banking facilities at unbanked GP headquarters wherever viable, the Commission recommends Rs.125 crore @ Rs.25 crore per annum for creation of additional space at GP headquarters. **(11.48.12)**

✓ An amount of Rs.160.00 crore is recommended @ Rs.40 crore per annum for providing incentive grants for four years. **(11.48.13)**

(ii) Grants-in-aid to ULBs

✓ The Commission recommends an amount of Rs.380.00 crore for sanitation and solid waste management of ULBs out of which an amount of Rs.30.00 crore will be set apart for introducing mechanical sweeping of roads. **(11.50.1)**

✓ In order to tackle the problem of water supply in water stressed ULBs and to overcome the problem of fluoride, iron etc. as well as replacement of damaged pipes, an amount of Rs.500.00 crore is recommended. **(11.50.2)**

✓ An amount of Rs.207 crore is recommended for creation of Capital assets for revenue generation of ULBs. Each NAC would be given Rs.20 lakh per annum, each Municipality would be given Rs.40 lakh per annum and each Municipal Corporation would be given Rs.2 crore per annum. **(11.50.3)**

✓ An amount of Rs.80.00 crore is kept towards maintenance of capital assets of ULBs for five years @ Rs.16.00 crore each year. **(11.50.4)**

✓ The Commission recommends a sum Rs.26.05 crore for maintenance of primary school buildings. Each NAC, Municipality and Municipal Corporation

would be given an amount of Rs.15 lakh, Rs.30 lakh, Rs.50 lakh respectively for a period of five years. **(11.50.5)**

✓ The Commission recommends a provision of Rs.40 crore towards establishment of water testing laboratories at the district level for quality monitoring. **(11.50.6)**

✓ The Commission recommends an amount of Rs.125 crore for development of water bodies. **(11.50.7)**

✓ An amount of Rs.50 crore is recommended by the Commission for construction of electric crematoria in ULBs. **(11.50.8)**

✓ The Commission recommends an amount of Rs.40 crore for development of civic amenities in Konark NAC. **(11.50.9)**

✓ The Commission recommends an amount of Rs.200 crore for development of storm water drainage during the award period. **(11.50.10)**

✓ The Commission recommends an amount of Rs.21 crore for seven new NACs @ Rs.3 crore each in order to develop new meeting hall and other infrastructure facilities. **(11.50.11)**

✓ The Commission recommends an amount of Rs.50 crore for septage management by ULBs during the award period. **(11.50.12)**

✓ An amount of Rs.5 crore per annum totalling to Rs.25 crore over a period of five years has been earmarked for encouraging innovative practices. **(11.50.13)**

✓ An allocation of Rs.50 crore is recommended towards incentives @ Rs.12.50 crore each year commencing from the year 2021-22. **(11.50.14)**

Year-Wise Sector Specific Funding to Local Bodies from 2020-25 (Rs. in crore)

PRIs	Sl. No	Sectors	2020-21	2021-22	2022-23	2023-24	2024-25	Total
	1	Drinking water (Piped Water Supply)	150.00	150.00	150.00	150.00	150.00	750.00
	2	Tube well System(Solar Energy)	50.00	50.00	50.00	50.00	50.00	250.00
	3	All weather connectivity	117.23	117.23	117.23	117.23	117.23	586.15
	4	Provision of facilities at GP headquarters	135.96	135.96	135.96	135.96	135.96	679.80
	5	Provision of street lights	68.00	68.00	68.00	68.00	68.00	340.00
	6	Development Rural Haats	60.00	60.00	60.00	60.00	60.00	300.00
	7	Maintenance of Capital assets	70.00	70.00	70.00	70.00	70.00	350.00
	8	Maintenance of Primary School Buildings	62.80	62.80	62.80	62.80	62.80	314.00
	9	Preservation and development of water bodies	25.00	25.00	25.00	25.00	25.00	125.00
	10	Creation of capital assets for revenue generation	170.00	170.00	170.00	170.00	170.00	850.00
	11	Funds for innovative Practices	15.00	15.00	15.00	15.00	15.00	75.00
	12	Creation of District Data Centers at District Level for PRIs and ULBs	30.00	30.00	30.00	30.00	30.00	150.00
	13	Creation of Infrastructure for Banking facilities at GP Hqrs	25.00	25.00	25.00	25.00	25.00	125.00
	14	Incentives	0.00	40.00	40.00	40.00	40.00	160.00
	Total	978.99	1018.99	1018.99	1018.99	1018.99	5054.95	

ULBs	Sl. No	Sectors	2020-21	2021-22	2022-23	2023-24	2024-25	Total
	1	Sanitation & Solid Waste Management	76.00	76.00	76.00	76.00	76.00	380.00
	2	Provisions for safe drinking water	100.00	100.00	100.00	100.00	100.00	500.00
	3	Creation of capital assets for revenue generation	41.40	41.40	41.40	41.40	41.40	207.00
	4	Maintenance of capital assets	16.00	16.00	16.00	16.00	16.00	80.00
	5	Maintenance of Primary School Buildings	5.21	5.21	5.21	5.21	5.21	26.05
	6	Establishment of water testing labs at district level	8.00	8.00	8.00	8.00	8.00	40.00
	7	Development of water bodies	25.00	25.00	25.00	25.00	25.00	125.00
	8	Electric crematorium	10.00	10.00	10.00	10.00	10.00	50.00
	9	Development of civic amenities at Konark NAC	8.00	8.00	8.00	8.00	8.00	40.00
	10	Storm water drainage	40.00	40.00	40.00	40.00	40.00	200.00
	11	New NACs' Infrastructure	4.20	4.20	4.20	4.20	4.20	21.00
	12	Septage Management	10.00	10.00	10.00	10.00	10.00	50.00
	13	Funds for Innovative Practices	5.00	5.00	5.00	5.00	5.00	25.00
	14	Incentives	0.00	12.50	12.50	12.50	12.50	50.00
	Total	348.81	361.31	361.31	361.31	361.31	1794.05	
	Grand Total:						6849.00	

✓ The sharing of taxes and transfer from the State's Consolidated Fund to PRIs and ULBs under three heads i.e. Devolution, Assignment of taxes and Grants-in-aid are as follows **(11.53)**:

(Rs. in crore)

HEADS	2020-21	2021-22	2022-23	2023-24	2024-25	2020-25
a)DEVOLUTION						
i) PRIs	915.09	915.09	915.09	915.09	915.09	4575.45
ii)ULBs	305.05	305.05	305.05	305.05	305.05	1525.25
TOTAL	1220.14	1220.14	1220.14	1220.14	1220.14	6100.70
b)ASSIGNMENT OF TAXES						
i) PRIs	759.55	797.07	837.00	879.48	924.66	4197.76
ii)ULBs	664.89	716.05	685.27	745.94	812.03	3624.18
TOTAL	1424.44	1513.12	1522.27	1625.42	1736.69	7821.94
c)GRANTS-IN-AID						
i) PRIs	978.99	1018.99	1018.99	1018.99	1018.99	5054.95
ii)ULBs	348.81	361.31	361.31	361.31	361.31	1794.05
TOTAL	1327.80	1380.30	1380.30	1380.30	1380.30	6849.00
GRAND TOTAL	3972.38	4113.56	4122.71	4225.86	4337.13	20771.64

✓ The total fund requirement worked out for the Local Bodies during the five-year period 2020-25 is Rs.50,282.50 crore out of which, the State Finance Commission recommends an amount of Rs.20,771.64 crore, which leaves a gap of Rs.29,510.86 crore. The Commission therefore, recommends that the 15th Finance Commission may consider augmenting the State's Consolidated Fund by Rs.29,510.86 crore, to supplement the resources of the local bodies over and above the fund recommended for transfer from the State's resources.**(11.57)**

B. Institutional strengthening:**(i) Strengthening of Human resources:**

- ✓ In order to improve the capacity for utilisation of funds and fund management the Commission recommends augmentation of technical and accounting manpower to ensure timely completion of schemes and projects. The Commission recommends additional manpower support such as Accountant-cum-Data Entry Operators, GPTAs for GPs. **(5.25)**
- ✓ The Commission recommends that the PR&DW Department may examine the Tamil Nadu model of Solid Waste Management (Rural) and try it in some GPs on a pilot basis **(6.12)**.
- ✓ The elected representatives of PRIs need to be properly trained on various aspects of developmental and welfare schemes of Government so that they participate and effectively monitor the progress under the schemes. **(6.26.d)**
- ✓ For achieving proper coordination and involvement of Municipal Bodies, H & UD Department need to put in place a frame work of guidelines relating to the functioning of line agencies like Development Authorities, Sewerage Board, PHEO, Director Town Planning and others. **(6.53.a)**
- ✓ The spending capacity of all Municipal Bodies does not match with the level of manpower that is required for providing a minimum level of basic services. Hence, Government need to strengthen the human resources for speedy utilisation of funds. **(6.53.e)**
- ✓ The Commission recommends for setting up of one state level institute with professional experts so as to impart training regularly to the manpower and elected representatives engaged in urban administration. **(6.53.h)**
- ✓ The Commission recommends that deployment of at least one Accountant-cum-Data Entry Operator for every two GPs is required in order to manage the accounting records properly. Similarly, one GPTA for every two GPs is required for smooth execution of developmental works. Therefore, the Commission recommends creation of 3399 posts of Accountant-cum-DEO and 947 no. of posts of GPTA. **(11.33)**

✓ There is a need for proper training and guidance to the Accounting personnel so as to switch over from Cash based Accounting system to Accrual based Accounting system. The Administrative Department should take expeditious steps for proper training of the Accounting personnel. The PEOs and the GPEOs along with the proposed Accountant cum DEO should also undergo capacity building training at Madhusudan Das Regional Academy of Financial Management (MDRAFM) to get the practical knowledge of accounting and reporting requirement of GPs. **(9.26.b & 9.26.h)**

(ii) Strengthening of infrastructure facilities:

✓ The effective and efficient utilisation of funds released by both Central and State governments depend largely on the preparation of a comprehensive Gram Panchayat Development Plan (GPDP). The Commission recommends that GPDP should be prepared on the basis of the guidelines issued by the Government along with necessary participation of the people in Palli sabha and Grama sabha. **(5.24)**

✓ The use of PRIASoft by all GPs for maintaining accounts requires availability of internet facility. It is therefore recommended that all GPs in the State should be provided with internet facility to enable them to upload data on physical & financial transactions on a real time basis in PRIASoft and National Asset Directory **(5.26 & 9.26.c)**

✓ Reports of the Local Fund Audit Organisation reveal that double entry system of accounting software under the Odisha e-Municipalities Accounting and Audit System is used only in Municipal Corporations and a few other large municipalities. In case of NACs, accounts are still maintained manually. In view of the above, the Commission recommends that all the ULBs may be directed to prepare the accounts under the double entry system of book keeping, maintain the asset register in a systematic manner, undertake annual stock taking and upload the assets record in the National Asset Directory on a regular basis. **(5.29)**

- ✓ For promotion of technology in rural areas, Information and Communication Technology (ICT) at the GP levels can be used to improve the service delivery. **(6.26.f)**
 - ✓ ULBs need to develop Integrated Urban Accessibility Planning (IUAP) which must include: (i) Data Collection and Mapping, (ii) Analysing the magnitude of the problems and (iii) type of intervention required. **(6.53.c)**
 - ✓ The Government need to expedite the process of creating and maintaining a data base of local finances. **(7.21.b)**
 - ✓ Although the State has adopted and promoted the use of ICT at the PRI and ULB level, yet adoption of the ICT infrastructure in local bodies is not fully functional. The State can increase the number of e-services to be provided to citizens while building the capacity of GP officials and providing necessary ICT infrastructure. **(10.18)**
 - ✓ The State level institute i.e. SUDA which is undertaking the training programmes and exposure visits of elected representatives and officials should be strengthened with adequate manpower, infrastructure, quality resource persons, IT professionals etc. H & UD Department can remodel SUDA in the pattern of a National Level Institute. **(10.24.a & 10.24.b)**
 - ✓ Particular emphasis has to be given to E-governance in delivery of basic services while conducting the training programmes. Special focus may be given on application of ICT in programme implementation and monitoring. **(10.24.c & 10.26.d)**
 - ✓ Decentralised training programmes can be organised at Divisional headquarters with the support of DUDA. Training for elected representatives at regular intervals to be conducted. Capacity building through partnership with NGOs and other reputed academic institutions can be organised. Special training programmes may be conducted for elected women representatives. **(10.24.d, 10.26.a, 10.26.b & 10.26.c)**
- (iii) Other financial and accounting measures:**
- ✓ The present format of the Cash Book, as prescribed, needs to be simplified looking at the revenue and expenditure pattern of the GPs. Some

obsolete items of receipts and expenditures need to be done away with. **(9.26.d)**

✓ Public disclosure of essential financial information as prescribed under rules may be ensured by all the GPs. **(9.26.e)**

✓ Information relating to functioning of GPs should be uploaded on e-Panchayat Portal regularly. **(9.26.f)**

✓ An integrated module of Accounting and Budgeting should be developed, as per OMC Act and Odisha Municipal Accounting Manual which will be useful for monitoring of receipts and expenditures of ULBs. **(9.26.i)**

C. Measures needed to enhance OSR of Local Bodies:

✓ The State Government may consider empowering the GPs to levy and collect such taxes and fees which are potentially elastic in nature. The Commission has suggested some measures for additional resource mobilisation by GPs. **(7.21.a, 11.60.a,b,c,d & e)**

✓ PR & DW Department vide Notification No.990/20.06.2018 has empowered the Panchayats for approval of building plans and collect scrutiny fee, infrastructure development fee and sanction fee as per prescribed rate chart. This is a potential source of revenue for GPs. Sufficient awareness may be created for tapping the above source. **(7.21.c)**

✓ The Government may consider imposition of property tax by GPs subject to some exemptions as deemed proper. In this connection it may be mentioned that there are Census Towns which have urban characteristics but situated in GPs. To start with Government may consider imposing property tax in the Census Towns. **(7.21.d, 11.60.f)**

✓ The rates and structure of different taxes prescribed under the Municipal Act require revision and changes, wherever necessary. **(8.19.a)**

✓ Vigorous efforts should be made for collection of arrear demand along with current dues relating to tax and non-tax revenues along with measures for pursuing cases locked up in litigation. **(8.19.b)**

- ✓ User charges and fees should be levied and collected by Municipal bodies wherever services provided are user specific and identifiable. It should aim at achieving improved accountability, reduction of wasteful use and the principles of social equity. **(8.19.c)**
- ✓ The State of Chhattisgarh has come up with “Chhattisgarh Municipal Revenue (Establishment & Regulatory Commission) Act, 2011 which establishes a Regulatory Commission to safeguard the interest of citizens and to rationalise and regulate user charges and other revenue collections by ULBs. The State Government can make a detailed study and may take appropriate decision. **(8.19.d)**
- ✓ Revenue & Disaster Management Department vide its order no- 36868 dated 03.11.2014 has ordered for transfer of water bodies, tanks (Jalasa) etc. situated in urban areas to the administrative control of ULBs. The ULBs can explore to develop such water bodies as Eco-park with recreation facilities which can be a source of revenue for the ULBs. **(8.19.e)**
- ✓ Huge capital investments are necessary to upgrade and create infrastructure in urban areas. Municipal Corporations of the State may tap external resources on the basis of their credit worthiness with prior approval of State Government. **(8.19.f)**
- ✓ The Odisha Municipal (Amendment) Act, 2015 introducing property tax with “Unit Area Method” of assessment is yet to be made effective in the State. Moreover, the “Valuation Board” contemplated in the Act has not yet been made operational. Steps need to be taken expeditiously by the Government in this regard. **(8.19.g, 11.61.f)**
- ✓ All Government institutions like Offices, Guest Houses, Circuit Houses, Schools, Colleges, Universities, Other Government institutions should be asked to have adequate budgetary provisions pertaining to Municipal service charges (a component of Holding/Property Tax). **(8.19.h)**
- ✓ Developmental charges may be levied on industrial units by the concerned Local Bodies under whose jurisdiction such industries are located.

The rates of such developmental charges can be decided by the Government.

(11.60.g)

✓ The Government may consider imposing a cess on generation of power by the power plants to be shared between the Rural and Urban Local Bodies in whose jurisdiction the power plants are set up as those plants contribute to high pollution levels in the local areas. **(11.60.h)**

✓ It is necessary that markets situated in Gram Panchayat/Municipal areas which are being managed by the RMCs should be transferred to the management of the Local Bodies concerned. The Commission recommends that all market yards managed on revenue sharing basis by RMCs may be transferred to the control of the Gram Panchayats and the Municipalities in whose jurisdiction such market yards function. **(11.60.i)**

✓ The Commission recommends that by converging funds available under different schemes income generating assets can be maintained efficiently to yield higher revenues for GPs. Similarly, for Urban Local Bodies, the same approach can be adopted. **(11.60.j)**

✓ The Commission recommends that while continuing the registration fee as prescribed by the Government for all minor forest produce traders, a transaction fee can also be levied by the Panchayats based on volume of transactions. This matter may be examined by Government and appropriate action may be taken. **(11.60.k)**

✓ A tax on vacant land in urban areas can be examined by the Government to mobilise additional resources and at the same time fostering urban development. **(11.61.a)**

✓ A tax on deficit parking space in Commercial areas can be considered by the State Government so as to ensure better parking management and raising resources. **(11.61.b)**

✓ The Commission recommends for consideration of the Government to share the proceeds of conversion charges between the Panchayats and the ULBs in the ratio of 75:25 respectively in cases of conversion of agricultural land for non-agricultural use. **(11.61.c)**

✓ With the growth of private Nursing Homes and Hospitals in Urban areas, it is necessary that a suitable service charge should be levied by the concerned Local Bodies on these institutions. **(11.61.d)**

✓ At present some Urban Local Bodies are collecting parking fees out of the parking of vehicles on the roads or designated parking areas. New market centres have also grown up in the rural areas. The Commission recommends that appropriate parking space should be developed by Urban Local Bodies and Rural Local Bodies wherever such parking areas are needed and such Local Bodies may levy parking fees not only to augment their own income but also to regulate the traffic. **(11.61.e)**

✓ ULBs can augment their own source of revenue by levy of service charges on sewerage and solid waste disposal wherever such services are provided. **(11.61.g)**

D. General Issues:

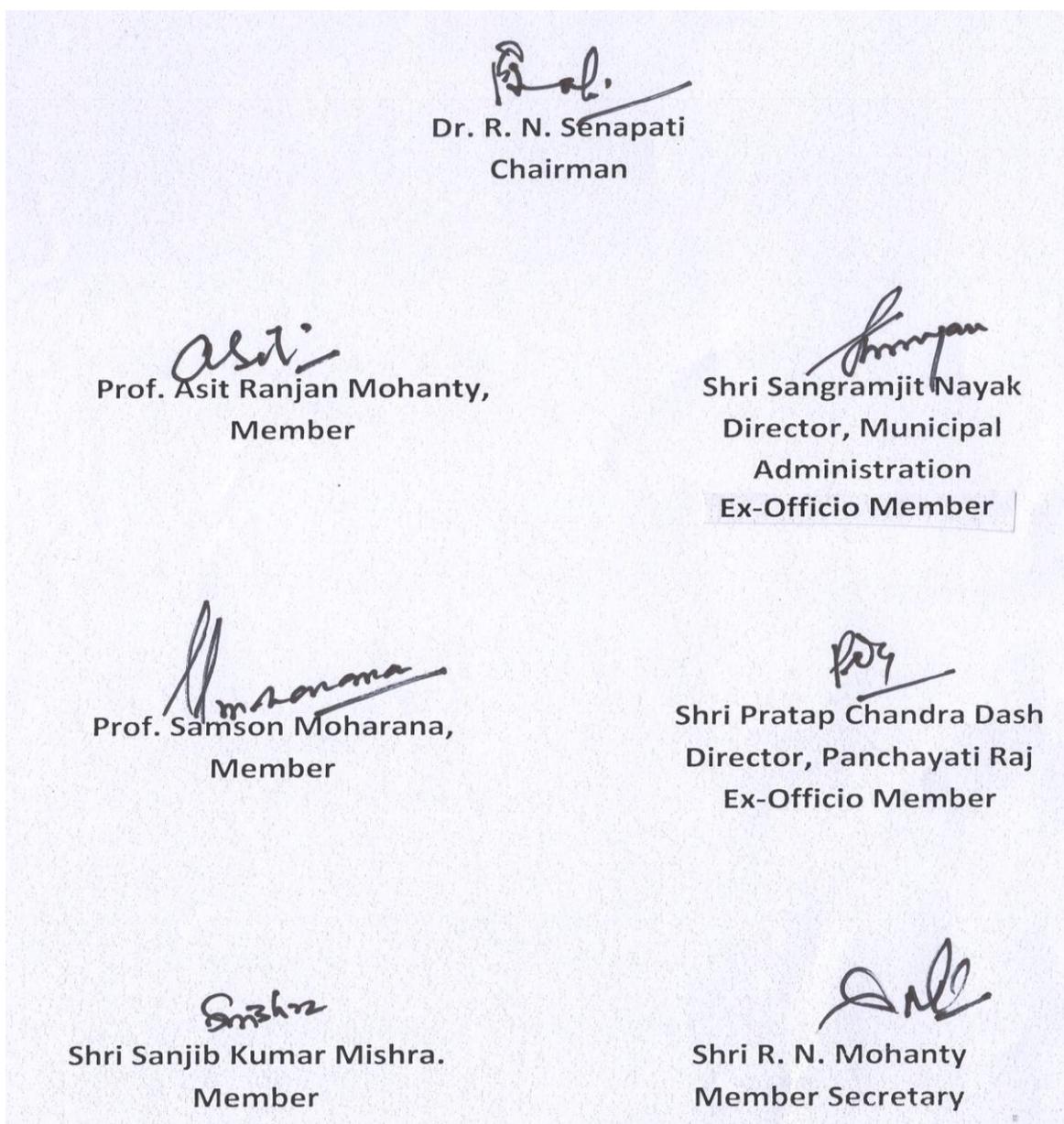
✓ The Commission recommends that a District Level Monitoring Committee (DLMC) under the Chairmanship of the Collector and DM may be constituted at the district level with PD, DRDA as Member Convenor, PD, DUDA as Member and the concerned line department representatives as Members to review the progress of expenditure on quarterly basis. This is suggested in addition to existing HLMC and other monitoring arrangements. **(3.10)**

- ✓ The Commission recommends that unbanked GPs having commercial viability should have some additional accommodation in their office premises for providing banking facilities. **(5.27)**
- ✓ The Commission recommends that meeting at the ward level of ULBs should be conducted regularly so as to discharge the duties assigned to the ward committee. **(5.28)**
- ✓ GPs should play a constant and active role in water quality monitoring and providing hygiene education with necessary participation from the community members. **(6.26.a)**
- ✓ GPs should take the ownership of roads lying within the jurisdiction of Gram Panchayats and monitor constantly their improvement and maintenance. **(6.26.b)**
- ✓ Comprehensive guidelines need to be circulated for the GPs for tank renovation. **(6.26.e)**
- ✓ Management of markets, daily haats should remain with the ULBs within which such markets exist. **(6.53.b)**
- ✓ Land transfer by Revenue & Disaster Management Department to ULBs for creation of capital assets, public service utilities, development of landfill sites and other ancillary activities need to be simplified. A land transfer policy for ULBs needs to be formulated. **(6.53.d)**
- ✓ Each Urban Local Body should have a drainage master plan in order to avoid the problems of water logging during rainy season. **(6.53.f)**

✓ Urban Open Space Management Planning should form an important activity of the ULB. State Government need to formulate a suitable policy in the light of “Urban Greening Guidelines, 2014” of Government of India.

(6.53.g)

✓ Population should not be the sole criteria for declaring “a transitional area” “a smaller urban area” and “a larger urban area”. **(6.53.i)**



A N N E X U R E S

**GOVERNMENT OF ODISHA
FINANCE DEPARTMENT**

NOTIFICATION

Bhubaneswar, the 05th May, 2018

No. 15340 FIN-BUD6-SFC-0002-2018/F., In pursuance of article 243-I of the Constitution of India read with article 243-Y thereof and Sections 3 and 8 of the Odisha Finance Commission (Miscellaneous Provisions) Act, 1993 (Odisha Act 28 of 1993), the Governor of Odisha do hereby constitute a Finance Commission consisting of Shri Rabi Narayan Senapati, IAS (Retd) as the Chairman and the following other members, namely :-

1. Prof. Asit Ranjan Mohanty, Professor,
Centre for Fiscal Policy & Taxation,
Xavier University - Member
2. Prof. Samson Moharana, Retd Professor
& Head of Commerce & Master in
Finance Control, Utkal University - Member
3. Shri Sanjeev Kumar Mishra, OAS(Retd),
Ex-Special Secretary - Member
4. Director, PanchayatiRaj - Ex-Officio Member
5. Director, Municipal Administration - Ex-Officio Member
6. Shri D. K. Jena, IAS,
Director, Institutional Finance,
Finance Department - Member Secretary

2. The Chairman and other Members of the Commission including Member Secretary shall hold office from the date on which they, respectively, assume office for a period of six month from the date of publication of this Notification in the Odisha Gazette.

3. The Chairman and other Members (except the Member-Secretary) shall render part time service to the Commission. The Member-Secretary shall render whole time service to the Commission in addition to his own duties.

4. The Commission shall make recommendations relating to the following matters:-

(i) The principles that should govern-

(a) the distribution between State and Panchayati Raj Institutions and the Municipalities of the net proceeds of taxes, duties, tolls and fees leviable by the State which may be divided amongst them under Part-XI and Part-IXA of the Constitution and the allocation between the Panchayats at all levels and the Municipalities of their respective shares of such proceeds;

(b) the determination of taxes, duties, tools and fees which may be assigned to, or appropriated by Grama Panchayats, Panchayat Samities and Zilla Parishads or, as the case may be, Municipalities; and

(c) the Grants-in-aid to the Grama Panchayats, Panchayat Samities, Zilla Parishads or, as the case may be, Municipalities from the Consolidated Fund of the State;

(ii) the measures needed to improve the financial position of the Grama Panchayats, Panchayat Samities, Zilla Parishads and Municipalities.

(iii) any other matters, which the Governor may refer to the Commission in the interest of sound finance of Grama Panchayats, Panchayat Samities, Zilla Parishads and Municipalities.

5. In making its recommendations, the Commission shall have regard, among other considerations, to :-

(a) the revenue proceeds of the State Government and the demands thereon, on account of expenditure on Civil Administration, Police and Judicial Administration, Education, Maintenance of Capital assets, Social Welfare, Debt Servicing and other committed expenditures and liabilities;

(b) the functions and liabilities of Panchayati Raj Institutions and Municipalities in respect of discharging and implementing the schemes entrusted to them under article 243G and 243W of the Constitution:-

(c) the revenue resources of Panchayati Raj Institutions and Municipalities at all levels of five years, commencing from 1st April, 2020 on the basis of levels of taxation reached in 2016-17, target set for additional resource mobilization and potential for mobilizing additional resources;

(d) the scope for better fiscal management consistent with the need for speed, efficiency and cost effectiveness of delivery of services; and

(e) the need for providing adequate incentive for better source mobilization as well as closely linking expenditure and revenue raising decisions.

6. The report of the Commission shall contain specific chapters, narrating–

(i) the approach adopted by it;

(ii) an analysis of the resources of the State Government;

(iii) an analysis of the resources of Panchayats at each level and also Municipalities at each level and make concrete recommendations for improvements; and

(iv) an estimation and analysis of the finances of the State Government as well as the Panchayati Raj Institutions and Municipalities at the pre and post transfer stages along with a quantification of the revenues that could be generated additionally by the Panchayati Raj Institutions and Municipalities by adopting the measures recommended therein.

7. For the purpose of assessment of supplementing the resources of the Panchayats and Municipalities by the Central Finance Commission, the Commission shall-

(i) follow a normative approach in the assessment of revenues and expenditure rather than make forecasts based on historical trends;

(ii) take into account per capita norms for revenue generation, the data relating to the tax bases and avenues for raising non-tax income by the Municipalities and the Panchayats, assuming reasonable buoyancies and the scope for additional resource mobilization; and

(iii) take into account per capita expenditure norms on the basis of the average expenditure incurred by some of the best performing Municipalities and Panchayats in the provision of core services.

8. The Commission shall also review the implementation of the recommendations of the Fourth State Finance Commission.

9. On the matters aforesaid, the Commission shall make its report within a period of six month from the date of publication of this Notification in the Odisha Gazette covering a period of five years commencing from 1st day of April, 2020.

10. The Commission shall indicate the basis on which it has arrived at its findings.

By order of the Governor

Sd/-(A.K.K Meena)
Special Secretary

**GOVERNMENT OF ODISHA
FINANCE DEPARTMENT**

NOTIFICATION

Bhubaneswar, the 28th May, 2018

No.FIN-BUD6-SFC-0002/2018/ 17578 In pursuance of article 243-I of the Constitution of India read with article-243-Y thereof and sections 3 and 8 of the Odisha Finance Commission (Miscellaneous Provisions) Act, 1993 (Odisha Act 28 of 1993), the Governor of Odisha do hereby make the following amendments in the notification of the Government of Odisha in the Finance Department No.15340/F., dated the 5th May, 2018, published in the extraordinary issue No.720 of the Odisha Gazette, dated the 5th May, 2018, namely :-

Amendment

In the said notification, in paragraphs 1, for Sl. No.6 and the entries made against it, the following serial no. and entries shall be substituted namely:-

- “6. Shri Rabi Narayan Mohanty, OFS (SSG)
Special Secretary to Government,
Finance Department

By order of the Governor

Sd/-(T.K.Pandey)

Principal Secretary to Government

**GOVERNMENT OF ODISHA
FINANCE DEPARTMENT**

NOTIFICATION

Bhubaneswar, the 27th October, 2018

No.FIN-BUD6-SFC-0002/2018/ 33861 In pursuance of article 243-I of the Constitution of India read with article-243-Y thereof and sections 3 and 8 of the Odisha Finance Commission (Miscellaneous Provisions) Act, 1993 (Odisha Act 28 of 1993), the Governor of Odisha do hereby make the following amendments in the notification of the Government of Odisha in the Finance Department No.15340/F., dated the 5th May, 2018, published in the extraordinary issue No.720 of the Odisha Gazette, dated the 5th May, 2018, namely :-

Amendment

In the said notification, in paragraphs 2 and 9, for the words “a period of six months”, the words “a period of twelve months” shall be substituted.

By order of the Governor

Sd/-(T.K.Pandey)

Additional Chief Secretary

**GOVERNMENT OF ODISHA
FINANCE DEPARTMENT**

NOTIFICATION

Bhubaneswar, the 30th April, 2019

No.FIN-BUD6-SFC-0002/2018/ 16948 In pursuance of article 243-I of the Constitution of India read with article-243-Y thereof and sections 3 and 8 of the Odisha Finance Commission (Miscellaneous Provisions) Act, 1993 (Odisha Act 28 of 1993), the Governor of Odisha do hereby make the following amendments in the notification of the Government of Odisha in the Finance Department No.15340/F., dated the 5th May, 2018, published in the extraordinary issue No.720 of the Odisha Gazette, dated the 5th May, 2018, as amended by the notification of the Finance Department No.33861/F., dated the 27th October, 2018 published in the extraordinary issue No.1987 of Odisha Gazette, dated the 27th October, 2018, namely :-

Amendment

In the said notification, in paragraphs 2 and 9, for the words “a period of twelve months”, the words “a period of fifteen months” shall be substituted.

By order of the Governor

Sd/-(A.K.K.Meena)

Principal Secretary to Government



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ଅର୍ଥ ବିଭାଗ

ରାଜ୍ୟ ଅର୍ଥ କମିଶନ

GOVERNMENT OF ODISHA
FINANCE DEPARTMENT
STATE FINANCE COMMISSION

ପତ୍ର ସଂଖ୍ୟା ୧୭୭୯୪/ଏସ୍.ଏଫ୍.ସି. ଡା.୩୦.୦୪.୨୦୧୮

ଏସ୍.ଏଫ୍.ସି-୦୪୩୨୦୧୮

ପ୍ରେରକ

ଶ୍ରୀ ରବିନାରାୟଣ ମହାନ୍ତି,

ସଦସ୍ୟ ସଚିବ ।

ପ୍ରାପ୍ତେଷୁ,

କମିଶନର-ତଥା-ଶାସନ ସଚିବ,

ସୂଚନା ଓ ଲୋକ ସମ୍ପର୍କ ବିଭାଗ ।

ବିଷୟ -

ସ୍ଥାନକ ପତ୍ର ଆମନ୍ତ୍ରଣ

ମହାଶୟ,

ମୁଁ ନିର୍ଦ୍ଦେଶକ୍ରମେ ଜଣାଉ ଅଛି କି, ଓଡ଼ିଶାର ମାନ୍ୟବର ରାଜ୍ୟପାଳ ଅର୍ଥ ବିଭାଗର ବିଜ୍ଞପ୍ତି ସଂଖ୍ୟା-୧୫୩୪୦ ଡା.୦୪.୦୪.୨୦୧୮ ଅନୁଯାୟୀ ପଞ୍ଚମ ରାଜ୍ୟ ଅର୍ଥ କମିଶନ ଗଠନ କରିଅଛନ୍ତି । ଏଥି ପାଇଁ କମିଶନ ଗ୍ରାମ ପଞ୍ଚାୟତ, ପଞ୍ଚାୟତ ସମିତି, ଜିଲ୍ଲା ପରିଷଦ, ପୌର ସଂସ୍ଥା ଏବଂ ଆଗ୍ରହୀ ଥିବା ବିଭିନ୍ନ ଅନୁଷ୍ଠାନ ଏବଂ ବ୍ୟକ୍ତି ବିଶେଷଙ୍କ ଠାରୁ ଆବଶ୍ୟକୀୟ ଉପଦେଶ/ମତାମତ ଲୋଡ଼ୁ ଅଛନ୍ତି । ଏଣୁ ଦୟାକରି ଏଥି ସହିତ ସଂଲଗ୍ନ ହୋଇଥିବା ବିଜ୍ଞପ୍ତିକୁ ତିନି ଗୋଟି ବହୁଳ ପ୍ରସାରିତ ଦୈନିକ ଓଡ଼ିଆ ସଂବାଦ ପତ୍ରରେ ସର୍ବସାଧାରଣଙ୍କ ଅବଗତ ଉଦ୍ଦେଶ୍ୟରେ ପ୍ରଣିତ କରାଯାଉ ।

ଆପଣଙ୍କର ବିଶ୍ୱସ୍ତ

ସ୍ୱା/-

ସଦସ୍ୟ ସଚିବ

ପଞ୍ଚମ ରାଜ୍ୟ ଅର୍ଥ କମିଶନ, ଓଡ଼ିଶା ସ୍ଥାୟକ ପତ୍ର ପ୍ରଦାନ ପାଇଁ ଆମନ୍ତ୍ରଣ

ଓଡ଼ିଶାର ମାନ୍ୟବର ରାଜ୍ୟପାଳ ସମ୍ବିଧାନର ଧାରା 243-I ଓ 243-Y ଅନୁସାରେ ପଞ୍ଚମ ଓଡ଼ିଶା ଅର୍ଥ କମିଶନ ଗଠନ କରିଛନ୍ତି । ଏହି କମିଶନ ପଞ୍ଚାୟତରାଜ ସଂସ୍ଥା ଓ ପୌର ସଂସ୍ଥା ମାନଙ୍କ ଉପରେ ନ୍ୟସ୍ତ ମୌଳିକ କାର୍ଯ୍ୟକଳାପ ପରିପ୍ରେକ୍ଷାରେ ସେମାନଙ୍କ ଆର୍ଥିକ ସ୍ଥିତିର ସମୀକ୍ଷା କରି ଉକ୍ତ ସଂସ୍ଥା ମାନଙ୍କର ଆର୍ଥିକ ଅବସ୍ଥାର ଉନ୍ନତି ନିମନ୍ତେ ସୁପାରିଶ କରିବେ । ନିମ୍ନଲିଖିତ ବିଷୟ ଉପରେ ନୀତି ନିର୍ଦ୍ଧାରଣ ପୂର୍ବକ କମିଶନ ତାଙ୍କ ରିପୋର୍ଟ ଉପସ୍ଥାପନ କରିବେ ।

(କ) ରାଜ୍ୟ ସରକାର କର, ଶୁଳ୍କ ଓ ଫିସ୍ ଆଦି ସୁତରୁ ଆଦାୟ କରୁଥିବା ନିର୍ଦ୍ଧାରିତ ଅର୍ଥ ରାଜ୍ୟ ସରକାର ଓ ପଞ୍ଚାୟତରାଜ ସଂସ୍ଥା ଏବଂ ପୌର ସଂସ୍ଥା ମାନଙ୍କ ମଧ୍ୟରେ ଆବଶ୍ୟକ ଏବଂ ପଞ୍ଚାୟତରାଜ ସଂସ୍ଥା ମାନଙ୍କ ପାଇଁ ମୋଟ ଅର୍ଥ ରାଶିରେ ପ୍ରତ୍ୟେକ ସ୍ତରର ଅଂଶ ନିର୍ଣ୍ଣୟ ।

(ଖ) ପଞ୍ଚାୟତରାଜ ସଂସ୍ଥା ଓ ପୌର ସଂସ୍ଥା ମାନଙ୍କ ଦ୍ୱାରା ଆଦାୟ ଯୋଗ୍ୟ ହୋଇଥିବା ବା ଉକ୍ତ ସଂସ୍ଥା ମାନଙ୍କୁ ସମ୍ପୂର୍ଣ୍ଣ ପ୍ରାପ୍ୟ ହେବାଭଳି କର, ଶୁଳ୍କ ଓ ଫିସ୍ ଆଦି ନିର୍ଣ୍ଣୟ ।

(ଗ) ରାଜ୍ୟ ସରକାର ସଂଗଠିତ ପାଣ୍ଠିରୁ ପଞ୍ଚାୟତରାଜ ସଂସ୍ଥା ଓ ପୌର ସଂସ୍ଥା ନିମନ୍ତେ ଅନୁଦାନ ପ୍ରଦାନ ।

ଏତଦ୍ ବ୍ୟତୀତ ପଞ୍ଚାୟତରାଜ ସଂସ୍ଥା ଓ ପୌର ସଂସ୍ଥାମାନେ କିଭଳି ନିଜସ୍ୱ ଆୟ ବୃଦ୍ଧି କରିପାରିବେ ଓ ଲକ୍ଷ ଆୟର କିଭଳି ସଦୁପଯୋଗ କରାଯାଇପାରିବ ସେ ବିଷୟରେ ମଧ୍ୟ କମିଶନ ସୁପାରିଶ କରିବେ ।

ରାଜ୍ୟର ସଂଗଠିତ ପାଣ୍ଠିରୁ ପଞ୍ଚାୟତରାଜ ସଂସ୍ଥା ଓ ପୌର ପାଳିକା ପାଇଁ ଅର୍ଥ ପ୍ରଦାନ ନିମିତ୍ତ ସୁପାରିଶ କଲାବେଳେ କମିଶନ, ରାଜ୍ୟ ସରକାରଙ୍କ ମୋଟ ରାଜସ୍ୱ ସମ୍ବଳ ପରିପ୍ରେକ୍ଷାରେ ସାଧାରଣ ପ୍ରଶାସନ, ପୋଲିସ୍ ଓ ବିଚାରବିଭାଗ, ଶିକ୍ଷା, ସରକାରୀ ସମ୍ପତ୍ତିର ରକ୍ଷଣା ବେକ୍ଷଣ, ସାମାଜିକ କଲ୍ୟାଣ, ରଣ ପରିଶୋଧ ଆଦି ନିମନ୍ତେ ଆବଶ୍ୟକୀୟ ନିଶ୍ଚିତ ବ୍ୟୟଭାର ବିଚାରକୁ ନେବେ । ପଞ୍ଚାୟତରାଜ ସଂସ୍ଥା ଓ ପୌର ସଂସ୍ଥା ଗୁଡ଼ିକ ଉପରେ ନ୍ୟସ୍ତ ଦାୟୀତ୍ୱ ଓ ସେଗୁଡ଼ିକର ରୂପାୟନ ନିମନ୍ତେ ୨୦୨୦ ମସିହା ଏପ୍ରିଲ ପହିଲାରୁ ଆସନ୍ତା ପାଞ୍ଚ ବର୍ଷ ପାଇଁ ଆବଶ୍ୟକୀୟ ପାଣ୍ଠି, ଅଧିକ ସମ୍ବଳ ସଂଗ୍ରହର ଆବଶ୍ୟକତା ଓ ପରିସର, ଆର୍ଥିକ ପ୍ରଶାସନର ସୁଦୃଢ଼ୀକରଣ ତଥା ସେବା ପ୍ରଦାନ କ୍ଷେତ୍ରରେ ଦକ୍ଷତା ବୃଦ୍ଧି ଓ ଅଧିକ ସମ୍ବଳ ସଂଗ୍ରହକୁ ପ୍ରୋତ୍ସାହିତ କରିବା ଆଦି ଅନ୍ୟାନ୍ୟ ଆନୁସଙ୍ଗିକ ବିଷୟ ବିଚାରକୁ ନେବେ ।

ଏ ସବୁ ବିଷୟରେ ଆଗ୍ରହୀ ଗ୍ରାମ ପଞ୍ଚାୟତ, ପଞ୍ଚାୟତ ସମିତି, ଜିଲ୍ଲା ପରିଷଦ, ପୌର ସଂସ୍ଥା, ବୁଦ୍ଧିଜୀବୀ, ବିଶ୍ୱବିଦ୍ୟାଳୟ, ଅନ୍ୟାନ୍ୟ ସଂସ୍ଥା ଓ ବ୍ୟକ୍ତି ବିଶେଷ ସେମାନଙ୍କର ସୁଚିତ୍ତ ପରାମର୍ଶ ସ୍ଥାୟକ ପତ୍ର ମାଧ୍ୟମରେ ତା.୨୦.୦୭.୨୦୧୮ ରିଖ ସୁଦ୍ଧା ନିମ୍ନ ଠିକଣାରେ ପଠାଇବା ପାଇଁ ଅନୁରୋଧ କରାଯାଉଛି ।

ରବିନାରାୟଣ ମହାନ୍ତି,

ସଦସ୍ୟ ସଚିବ, ଓଡ଼ିଶା ଅର୍ଥ କମିଶନ

ଅର୍ଥ ବିଭାଗ, ଓଡ଼ିଶା ସଚିବାଳୟ, ଭୁବନେଶ୍ୱର

ଦୂରଭାଷ-୦୬୭୪-୨୩୯୦୨୭୭(କାର୍ଯ୍ୟାଳୟ), ୦୬୭୪-୨୪୯୪୭୭୩(ବାସଗୃହ), ମୋବାଇଲ-୮୮୯୫୩୪୮୪୭୭

Email-5thstatefinancecommission@gmail.

Annexure-1.6

MEETINGS AND TOUR PROGRAMME OF THE 5TH STATE FINANCE COMMISSION

Sl. No	Date & Time	Subject / Name of the Officer	Venue
May -2018			
1	16.05.2018	1 st Meeting of Commission	Annex Building F.D. Conference Hall
2	25.05.2018	Officer of H & U .D. Department	F.D. Conference Hall
3	26.05.2018	Officer of PR & DW Department	F.D. Conference Hall
4	30.05.2018	2 nd Meeting of the Commission	Annex Building F.D. Conference Hall
June-2018			
5	04.06.2018	Meeting with Director of LFA	Annex Building F.D. Conference Hall
6	19.06.2018	Meeting with Director of Agriculture	Annex Building F.D. Conference Hall
7	19.06.2018	Meeting with N.K. Choudhury Institute	Annex Building F.D. Conference Hall
8	20.06.2018	Meeting with Director NHM	Annex Building F.D. Conference Hall
9	21.06.2018	Meeting with MD, OSCSC	Annex Building F.D. Conference Hall
10	22.06.2018	Meeting with PRIs of Angul District	Collector's Conference Hall, Angul
11	22.06.2018	Meeting with Angul Municipality	Circuit House Angul
12	23.06.2018	Visited Bantala GP of Angul Block	Bantala, Angul
13	27.06.2018	Meeting with EIC Urban P.H.	Annex Building F.D. Conference Hall
14	28.06.2018	Meeting with Director of Drinking Water and Sanitation	Annex Building F.D. Conference Hall
15	30.06.2018	3 rd Meeting of the Commission	Annex Building F.D. Conference Hall
July -2018			
16	03.07.2018	Meeting with Principal Secretary Revenue & DM	Annex Building F.D. Conference Hall
17	05.07.2018	Meeting with Principal Secretary School & Mass	Annex Building F.D. Conference Hall
18	07.07.2018	Meeting with MD, OSDMA	Annex Building F.D. Conference Hall
19	12.07.2018	Meeting with DPOs, Odisha	SIRD, BBSR
20	20.07.2018	Meeting with Principal Secretary, W & CD	Annex Building F.D. Conference Hall
21	21.07.2018	Meeting with School & Mass Education Deptt.	Annex Building F.D. Conference Hall
22	25.07.2018	4 th Meeting of the Commission	Annex Building F.D. Conference Hall
23	27.07.2018	Meeting with Secretary SC & ST	Annex Building F.D. Conference Hall
24	31.07.2018	Meeting with ULBs of RDC Southern Divn.	RDC Conference Hall, Berhampur
25	31.07.2018	Visited GPs, Ankushpur of Kukudakhandi Block, Baxipalli, Naranpur, Rangipur, Tura of Rangeilunda Block	Kukudakhandi and Rangeilunda
August -2018			
26	01.08.2018	Meeting with ULBs RDC, Southern Divn.	RDC Conference Hall, Berhampur
27	01.08.2018	Meeting with Ganjam Zila Parishad	Collector's Conference Hall, Chhatrapur
28	08.08.2018	Principal Secretary, Agriculture	Annex Building F.D. Conference Hall

29	21.08.2018	5 th Meeting of the Commission	Annex Building F.D. Conference Hall
30	23.08.2018	Meeting with Director Town Planning and SUDA	Annex Building F.D. Conference Hall
31	24.08.2018	Meeting with PRIs of Nayagarh District	Collector's Conference Hall, Nayagarh
32	24.08.2018	Meeting with ULBs of Nayagarh District	Collector's Conference Hall ,Nayagarh
33	24.08.2018	Visited Badapandusara GP of Nayagarh Block	Badapanduswar, Nayagarh
34	24.08.2018	Meeting with Eos of Jharsuguda, Belpahar and Brajrajnagar	Jharsuguda
35	30.08.2018	Meeting with Secretary, SSEPD	Annex Building F.D. Conference Hall
36	31.08.2018	Discussion with BDO, Baliana	Annex Building F.D. Conference Hall
September -2018			
37	05.09.2018	Meeting with Principal Secretary FARD	Annex Building F.D. Conference Hall
38	05.09.2019	Meeting with AILSG	Annex Building F.D. Conference Hall
39	11.09.2018	Meeting with CCT, Cuttack	Annex Building F.D. Conference Hall
40	18.09.2018	Meeting with Secretary Textile Handloom & Handicraft	Annex Building F.D. Conference Hall
41	20.09.2018	Meeting with PRIs & ULBs of Bhadrak District	Collector's Conference Hall, Bhadrak
42	25.09.2018	6 th Meeting of Commission	Annex Building F.D. Conference Hall
43	26.09.2018	Meeting with CEO, OREDA	Annex Building F.D. Conference Hall
October -2018			
44	05.10.2018	Meeting with PRIs of Keonjhar District	Collector's Conference Hall, Keonjhar
45	06.10.2018	Meeting with ULBs of Keonjhar District	Collector's Conference Hall, Keonjhar
46	06.10.2018	Visited Badapalsa GP of Keonjhar District	Badapalsa, Keonjhar
47	06.10.2018	Visited Mukundapurpatna GP of Ghatagaon Block	Mukundapurpatna, Ghatagaon
48	09.10.2018	Meeting with BMC, Bhubaneswar	Annex Building F.D. Conference Hall
49	15.10.2018	7 th Meeting of Commission	Annex Building F.D. Conference Hall
50	29.10.2018	Meeting with AILSG	FD, Conference Hall
51	30.10.2018	8 th Meeting of the Commission	Annex Building F.D. Conference Hall
November -2018			
52	03.11.2018	Visited Andhura G.P. of BBSR Block	Andharua
53	09.11.2018	Discussion with BDO, Kantapara and Tangi of Cuttack Dist.	Annex Building F.D. Conference Hall
54	09.11.2018	Visited Kandarpur & Kishorenagar GP of Cuttack Sadar Block	Kandarpur & Kishorenagar
55	13.11.2018	Visited Singarpur and Punaga GP of Jagatsinghpur Dist.	Singarpur and Punaga
56	16.11.2018	Meeting with EO, NAC, Banki	Banki
57	26.11.2018	Meeting with EO, NAC, Boudh	Boudh
58	28.11.2018	9 th Commission Meeting	Annex Building F.D. Conference Hall
59	30.11.2018	Visited Bhusandapur GP of Tangi Block	Bhusandpur, Tangi
December -2018			
60	01.12.2018	Attended SIRD Workshop	SIRD
61	04.12.2018	Visited Banakhandi GP of GOP Block	Banakhandi GP
62	07.12.2018	Meeting with Director MISSION Shakti	Annex Building F.D. Conference Hall
63	19.12.2018	Meeting with ULBs of RDC Central Divn.	SUDA, BBSR

64	26.12.2018	10 th Meeting of the Commission	Annex Building F.D. Conference Hall
65	28.12.2018	Meeting with EO, Paradeep Municipality	Paradeep
66	31.12.2018	Meeting with EO, Jajpur Municipality	Jajpur
January -2019			
67	16.01.2019	Workshop on approaches to local bodies, finance- rule of State Finance Commission – organised by SIRD	Hotel Kalinga Ashok
68	21.01.2019	11 th Meeting of Commission	Annex Building F.D. Conference Hall
69	22.01.2019	Meeting with ULBs under RDC, Northern Division	Collector's Conference Hall, Angul
70	30.01.2019	Meeting with PRIs and ULBs of Bhadrak District.	Collector's Conference Hall, Bhadrak
71	31.01.2019	Meeting with PRIs Balesore District.	Collector's Conference Hall, Balesore.
72	31.01.2019	Visited Dahi-Sada GP of Soro Block	Dahi-Sada
February -2019			
73	04.02.2019	Meeting with EIC, PH.	Annex Building F.D. Conference Hall
74	05.02.2019	Meeting with Director, RBI, (SLBC)	Finance Deptt., Conference Hall
75	06.02.2019	Meeting with Secretary, ET&IT Deptt.	Annex Building F.D. Conference Hall
76	13.02.2019	Meeting with Minister, Finance	Office Chamber of Minister, Finance.
77	20.02.2019	12 th Meeting of Commission	Annex Building F.D. Conference Hall
March -2019			
78	12.03.2019	13 th Meeting of Commission	Annex Building F.D. Conference Hall
79	27.03.2019	14 th Meeting of Commission	
April -2019			
80	12.04.2019	15 th Meeting of Commission	Annex Building F.D. Conference Hall
81	30.04.2019	16 th Meeting of Commission	Annex Building F.D. Conference Hall
May-2019			
82	21.05.2019	17 th Meeting of Commission	Annex Building F.D. Conference Hall
83	29.05.2019	Meeting with EIC, PH.	
84	30.05.2019	Meeting with Sarapanch, Kayalpada, of Cuttack Dist, Mukundapur patna of Keonjhar Dist. and Kutinga of Koraput Dist.	SIRD, Bhubaneswar
June-2019			
85	21.06.2019	Meeting with Collector PDDRDA/DUDA Commissioner RMC and other officials of Sundargarh	Pragati Mandap, DRDA Campus, Sundargarh.
86	22.06.2019	Meeting with Collector PDDRDA/DPO and other officials of Jharsuguda District.	Circuit House, jharsuguda.
July-2019			
87	11.07.2019	18 th Meeting of the Commission.	Annex Building F.D. Conference Hall
88	26.07.2019	19 th Meeting of the Commission.	Annex Building F.D. Conference Hall

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EXTRAORDINARY
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HOUSING & URBAN DEVELOPMENT DEPARTMENT

NOTIFICATION

The 9th July, 2015

No.17402-HUD-13-REFM-65-SCH-17-0065/2014/HUD. - Government have been pleased to set up a wholly-owned Company in the name of Water Corporation of Odisha Limited (WATCO) with the following Directors to oversee the ring-fenced operation of water supply Production & Distribution System, Operation & Maintenance and sewerage collection, treatment and Operation & Maintenance of sewerage network, sewerage treatment & disposal:-

1. The WATCO will have following as Members of Board:-

- | | |
|---|----------------------|
| (i) ACS/Pr. Secretary/Commissioner-cum-Secretary,
Housing & Urban Development Department. | Chairperson |
| (ii) Commissioner, Bhubaneswar Municipal corporation | Director |
| (iii) Vice Chairperson, Bhubaneswar Development Authority | Director |
| (iv) Representative of Finance Department. | Director |
| (v) Engineer-in-Chief/Chief Engineer, Public Health
Engineering Organisation. | Director |
| (vi) Member Secretary, Orissa Water Supply and Sewerage | Board Director |
| (vii) Engineer-in-Chief / Chief Engineer any professional
(to be posted by Government) | Managing Director |
| (viii) 3 Nos. of Independent Directors to be nominated
by the Government.
(at least one of whom shall be women) | Ex-Officio Directors |

- 2.** The Company will be incorporated as a wholly-owned not for-profit Company of Government of Odisha under the Companies Act, 2013.
- 3.** The initial authorized and paid-up capital of the Company shall be Rs.100 Lakh divided into 1,00,000 equity shares of Rs.100 each.
- 4.** The Registered Office of the Company will be in Bhubaneswar, Odisha.

- 5.** The main objective of the Company will be –
- (i) To take over from the PHEO, the functions in regard to Operation & Maintenance of Water Supply and Sewerage Services at present being handled by it together with assets and liabilities pertaining to such activities;
 - (ii) To carry on the function of Operation & Maintenance of production, distribution and management of water supply and sewerage services including sewerage treatment disposal.
 - (iii) To render all necessary services in regard to Operation & maintenance of water supply and sewerage to consumers and on request to private institutions or individuals also.
 - (iv) To take up Operation & Maintenance of water supply and sewerage facilities to be developed in the existing and developing new regions in future.
 - (v) To assess the adequacy of water supply & sewerage services & Infrastructure.
 - (vi) To prepare Plan & Schemes for & Implement creation of capital assets in water supply system & to prepare plans and schemes for Operation & Maintenance and supply of drinking water the required national standards;
 - (vii) To prepare Plan & Scheme for creation of capital assets in sewerage network & treatment and to prepare plans and schemes for Operation & Maintenance of Sewerage, Sewage treatment and disposal of sewage to the required national standards;
 - (viii) To collect water and sewerage service charges on behalf of the Urban Local Body;
 - (ix) To review and establish revision of the tariff, and charges of water supply and sewerage systems from time to time and implement in the areas of Urban Local Bodies;
 - (x) To review annually the technical financial, economic and other aspects of water supply and sewerage system of every scheme;
 - (xi) To outside part of its activities to achieve higher efficiencies and outcomes in the achievement of its business goals.
- 6.** The following persons/entities shall be promoters of the company and subscribers to the Memorandum and Articles of Association of the Company :-

Sl. No.	Name of Subscriber	No. of Equity shares to be taken
(i)	Governor of Odisha represented by Secretary, Housing & Urban Development Department, Government of Odisha.	51,000
(ii)	Bhubaeswar Municipal Corporation	26,000
(iii)	Public Health Engineering Organisation	5,000
(iv)	Orissa Water Supply and Sewerage Board.	5,000
(v)	Khurda Municipality	5,000
(vi)	Jatni Municipality	5,000
(vii)	Bhubaneswar Development Authority	3,000

7. The WATCO Ltd. Shall initially take over the functions of PHEO in line with the objective above for the Bhubaneswar Municipal Corporation, Khurda and Jatni Municipalities area and any other Urban Local Body so assigned through Gazette Notification in Housing & Urban Development Department from time to time.

By Order of the Governor

G. MATHI VATHNAN

Commissioner-cum-Secretary to Government.

UNCONNECTED HABITATIONS IN THE STATE

Sl. No.	District	Distance from nearest Motorable Road Point (in Km)	No. of Habitations
(1)	(2)	(3)	(4)
1	Angul	310.10	99
2	Balasore	438.12	403
3	Bargarh	148.00	46
4	Bhadrak	347.09	390
5	Bolangir	310.10	84
6	Boudh	197.50	49
7	Cuttack	100.39	37
8	Deogarh	8.50	39
9	Dhenkanal	195.40	66
10	Gajapati	1292.60	315
11	Ganjam	632.00	97
12	Jagatsinghpur	95.55	110
13	Jajpur	61.55	7
14	Jharsuguda	16.45	9
15	Kalahandi	2298.30	558
16	Keonjhar	764.45	207
17	Koraput	131.20	32
18	Malkangiri	501.05	190
19	Mayurbhanj	301.55	195
20	Nabarangapur	593.95	212
21	Nuapada	163.20	81
22	Puri	133.95	77
23	Rayagada	1045.50	368
24	Sambalpur	573.30	198
25	Sonepur	9.70	5
26	Sundargarh	198.00	44
27	Kandhamal	643.00	318
28	Kendrapara	7.50	7
29	Khurda	15.00	10
30	Nayagarh	190.00	69
	Total	11723	4322

The Odisha



G a z e t t e

EXTRAORDINARY
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ପଞ୍ଚାୟତରାଜ (ଗ୍ରାମ ପଞ୍ଚାୟତ) ବିଭାଗ
ଆଦେଶନାମା

ତାରିଖ ୧୬ ନଭେମ୍ବର ୨୦୧୫

ବିଷୟ : ଗ୍ରାମ ପଞ୍ଚାୟତମାନଙ୍କ ଦ୍ଵାରା ଲଘୁ ବନଜାତ ଦ୍ରବ୍ୟ ଉପରେ ମାଲିକାନା

S.R.O. No. 78/2016 – ରାଜ୍ୟ ସରକାରଙ୍କ ପତ୍ର ସଂ ୮୧୩୧, ତା ୨୮.୦୫.୨୦୦୦ରିଖର ଆଦେଶନାମା ଅନୁସାରେ ରାଜ୍ୟର ଉଭୟ ଅନୁସୂଚୀତ ଅଞ୍ଚଳରେ ଥିବା ଗ୍ରାମ ପଞ୍ଚାୟତମାନେ ନିଜ ନିଜ ଇଲାକା ମଧ୍ୟରେ ଥିବା ଲଘୁ ବନଜାତ ଦ୍ରବ୍ୟର କିଣାବିକା, ସଂଗ୍ରହ ଓ ବ୍ୟବସାୟିକ ନିୟନ୍ତ୍ରଣ ଅଦ୍ୟାବଧି କରି ଆସୁଛନ୍ତି । ଉପରୋକ୍ତ ୬୯ ଗୋଟି ଲଘୁ ବନଜାତ ଦ୍ରବ୍ୟର ତାଲିକା ଏହି ପତ୍ର ସହ ସମସ୍ତଙ୍କର ଅବଗତ ନିମନ୍ତେ ସଂଲଗ୍ନ କରାଗଲା । ଜଙ୍ଗଲ ଓ ପରିବେଶ ବିଭାଗର ତା ୩୧.୦୩.୨୦୦୦ ରିଖର ସଂକଳ୍ପନାମାରେ ନିର୍ଦ୍ଧାରଣ କରାଯାଇଥିବା ନୀତି ଅନୁସାରେ ଓ ଗ୍ରାମ ପଞ୍ଚାୟତ ଆଇନ୍ ୧୯୬୪ ର ଅଧିନିୟମ ଧାରା ୧୫୨ ର ଉପଧାରା (୧) ରେ ଥିବା କ୍ଷମତା ବଳରେ ରାଜ୍ୟ ସରକାରଙ୍କ ଦ୍ଵାରା ନିର୍ଦ୍ଧାରିତ ନୀତି ଅନୁସାରେ ଗ୍ରାମ ପଞ୍ଚାୟତଗୁଡ଼ିକ ଲଘୁ ବନଜାତ ଦ୍ରବ୍ୟ ଗୁଡ଼ିକର ବ୍ୟବସାୟିକ ନିୟନ୍ତ୍ରଣ କରି ଆସୁଅଛନ୍ତି । ଉକ୍ତ ନିର୍ଦ୍ଧାରଣ ନୀତି ସହ ବର୍ତ୍ତମାନ ନିମ୍ନରେ ଏହି ଆଦେଶନାମାରେ ବର୍ଣ୍ଣିତ ନିର୍ଦ୍ଧାରିତ ନୀତି ଓ ନିୟମ ଅନୁସାରେ ଏଣିକି ରାଜ୍ୟର ସମସ୍ତ ଗ୍ରାମ ପଞ୍ଚାୟତଗୁଡ଼ିକ ଲଘୁ ବର୍ତ୍ତମାନ ବନଜାତ ଦ୍ରବ୍ୟଗୁଡ଼ିକର ବ୍ୟବସାୟିକ ନିୟନ୍ତ୍ରଣ କରିବେ ।

୧. ଗ୍ରାମ ପଞ୍ଚାୟତ ଇଲାକା ମଧ୍ୟରେ ଥିବା ସରକାରୀ ଜମି ଓ ଜଙ୍ଗଲରୁ ସଂଗୃହୀତ ହୋଇ ଗ୍ରାମପଞ୍ଚାୟତ ପରିସର ମଧ୍ୟରୁ ଅଣାଯାଇଥିବା ଲଘୁ ବନଜାତ ଦ୍ରବ୍ୟର ସଂଗ୍ରହ ଓ ବ୍ୟବସାୟିକ କାରବାର ନିୟନ୍ତ୍ରଣ କ୍ଷମତା ଗ୍ରାମ ପଞ୍ଚାୟତଗୁଡ଼ିକହାତରେ ରହିବ ।
୨. ଯେଉଁ ଜଙ୍ଗଲ ଅଞ୍ଚଳରେ ବନ ସଂରକ୍ଷଣ ସମିତି ଗଠନ କରାଯାଇଥିବା ଉକ୍ତ ଇଲାକାରେ ସଂପୃକ୍ତ ସମିତି ଓ ତାହାର ସଦସ୍ୟମାନଙ୍କୁ ଲଘୁ ବନଜାତ ଦ୍ରବ୍ୟ ସଂଗ୍ରହ ଓ ବ୍ୟବସାୟିକ କାରବାର ଲାଗି ଗ୍ରାମ ପଞ୍ଚାୟତ ଅଗ୍ରାଧିକାର ଦେବେ ।
୩. ଲଘୁ ବନଜାତ ଦ୍ରବ୍ୟଗୁଡ଼ିକର ପ୍ରାଥମିକ ସଂଗ୍ରହକାରୀଙ୍କ ଠାରୁ ବ୍ୟବସାୟିକ କାରବାର କରିବାକୁ ଚାହୁଁଥିବା ବ୍ୟକ୍ତି ସର୍ବପ୍ରଥମେ ଗ୍ରାମ ପଞ୍ଚାୟତ ଇଲାକା ମଧ୍ୟରେ ବ୍ୟବସାୟୀ ଭାବରେ ନାମ ପଞ୍ଜିକରଣ କରିବେ ଓ ନିର୍ଦ୍ଧାରିତ ଫର୍ମ ୧ ରେ ସମ୍ପୃକ୍ତ ଯାଞ୍ଚ କରି ଗ୍ରାମ ପଞ୍ଚାୟତକୁ ଆବେଦନ କରିବେ ଓ ସମସ୍ତ ଆବେଦନ ପତ୍ରଗୁଡ଼ିକୁ ସରପଞ୍ଚ ଯାଞ୍ଚ କରି ଗ୍ରାମ ପଞ୍ଚାୟତ ଦ୍ଵାରା ବୈଠକରେ ଅନୁମୋଦନ କରିବେ ଓ ଯୋଗ୍ୟ ବ୍ୟବସାୟୀଙ୍କୁ ପଞ୍ଜିକୃତ କରିବେ ଓ ପଞ୍ଜିକରଣ ପ୍ରମାଣ ପତ୍ର ଫର୍ମ ୨ ପ୍ରଦାନ କରିବେ ଯାହାର କାର୍ଯ୍ୟକାଳ ପ୍ରତ୍ୟେକ ବର୍ଷର ଅକ୍ଟୋବର ପହିଲାଠାରୁ ଆଗାମୀ ପରବର୍ତ୍ତୀ ବର୍ଷର ସେପ୍ଟେମ୍ବର ମାସ ଶେଷ ତାରିଖ ପର୍ଯ୍ୟନ୍ତ (ଉତ୍କଳୀନ ବର୍ଷ) ରହିବ ।
୪. ଉପନିୟମ ୨.୧ ଅନୁଯାୟୀ ପଞ୍ଜିକୃତ ହୋଇଥିବା ସମସ୍ତ ବ୍ୟବସାୟୀଙ୍କ ନାମ ଫର୍ମ ୩ରେ ଲିପିବଦ୍ଧ କରାଯାଇ ଏକ ରେଜିଷ୍ଟର ଭାବେ ପଞ୍ଚାୟତଗୁଡ଼ିକରେ ପରିଚାଳନା ପୂର୍ବକ ସଂରକ୍ଷିତ ରଖାଯିବ ।

୩. ପ୍ରତ୍ୟେକ ରକମର ଲଘୁବନଜାତ ଦ୍ରବ୍ୟ ନିମନ୍ତେ ଆବେଦନକାରୀ ଧାର୍ଯ୍ୟ ଫିସ୍ (Annexure-'A') ଗ୍ରାମପଞ୍ଚାୟତରେ ପଠାଇ କରିବେ ଓ ଆବଶ୍ୟକୀୟ ଫିସ୍ ଦାଖଲ କରାଯାଇ ନ ଥିଲେ ପଞ୍ଜିକୃତ ନିମନ୍ତେ ଦରଖାସ୍ତ ଗ୍ରହଣୀୟ ହେବ ନାହିଁ ।
୪. ବିଭିନ୍ନ କିସମର ଲଘୁବନଜାତ ଦ୍ରବ୍ୟ ନିମନ୍ତେ ପଞ୍ଜିକରଣ ଫିସ୍ ସରକାରଙ୍କ ଦ୍ଵାରା ସମୟକୁ ସମୟ ଅଧିକୃତ କରାଯାଇ ବୃଦ୍ଧି କରାଯିବ ।
୩. ୧. ପ୍ରତ୍ୟେକ ବର୍ଷ ସେପ୍ଟେମ୍ବର ମାସରେ ପଞ୍ଚାୟତି ସମିତି ବୈଠକରେ ଏକ ନିର୍ଦ୍ଧାରଣ ମାଧ୍ୟମରେ ଲଘୁବନଜାତ ଦ୍ରବ୍ୟର ସର୍ବନିମ୍ନ ମୂଲ୍ୟ ଧାର୍ଯ୍ୟ କରାଯିବ ଯାହାକି କ୍ଳାନ୍ତ ଅନ୍ତର୍ଗତ ସମସ୍ତ ଗ୍ରାମ ପଞ୍ଚାୟତ ଜଳାକା ନିମନ୍ତେ ପ୍ରଯୁଜ୍ୟ ହେବ । କିନ୍ତୁ ଉପନୀୟମ ୧ (୧) ଅନୁଯାୟୀ ପଞ୍ଚାୟତି ସମିତି ଦ୍ଵାରା ଧାର୍ଯ୍ୟ ସର୍ବନିମ୍ନ ମୂଲ୍ୟକୁ ଗ୍ରାମ ପଞ୍ଚାୟତ ନିର୍ଦ୍ଧାରଣ ମାଧ୍ୟମରେ ପରିବର୍ତ୍ତନ କରିପାରିବେ ।
୨. ଉପନୀୟମ ୧(୨) ଅନୁଯାୟୀ ପଞ୍ଚାୟତି ସମିତି ସର୍ବନିମ୍ନ ମୂଲ୍ୟ ଧାର୍ଯ୍ୟ ନିମନ୍ତେ ଆହୁତ ବୈଠକକୁ ଜଙ୍ଗଲ ବିଭାଗର, ଡିଭିଜନାଲ ଅଧିକାରୀ, ଆଦିବାସୀ ଉନ୍ନୟନ ସମବାୟ ନିଗମ, ଓଡ଼ିଶା ଜଙ୍ଗଲ ଉନ୍ନୟନ ନିୟମର ପ୍ରତିନିଧିମାନଙ୍କୁ ନିମନ୍ତ୍ରଣ କରାଯିବ ଓ ବୈଠକରେ ଅନୁମୋଦିତ ସର୍ବନିମ୍ନ ମୂଲ୍ୟ ସମ୍ପୃକ୍ତ ପଞ୍ଚାୟତ ସମିତିରେ ସୂଚନା ଫଳକରେ ପ୍ରକାଶନ କରାଯିବ ଓ ସମ୍ପୃକ୍ତ ନୋଟିସ୍ ଏକକିତା ଜିଲ୍ଲାପାଳ, ଜିଲ୍ଲାପଞ୍ଚାୟତଅଧିକାରୀ , ଉପଜିଲ୍ଲାପାଳ, ବିଭାଗୀୟ ବନ ଅଧିକାରୀ, ପଞ୍ଚାୟତ ସମିତିସ୍ଥ ସମସ୍ତ ଗ୍ରାମ ପଞ୍ଚାୟତ ଗୁଡ଼ିକ ପ୍ରେରଣ କରାଯିବ ।
୩. ଲଘୁବନଜାତ ଦ୍ରବ୍ୟର ସର୍ବନିମ୍ନ ମୂଲ୍ୟ ଧାର୍ଯ୍ୟ କରିବାରେ ଯଦି କୌଣସି ପଞ୍ଚାୟତ ସମିତି ବିଫଳ ହୁଅନ୍ତି, ତେବେ ସମ୍ପୃକ୍ତ ଜିଲ୍ଲାର ଜିଲ୍ଲାପାଳ ଅକ୍ଟୋବର ମାସରେ ପଞ୍ଚାୟତ ସମିତିର ଏକ ସ୍ଵତନ୍ତ୍ର ବୈଠକ ଆହ୍ଵାନ ପାଇଁ ନିର୍ଦ୍ଦେଶ ଦେବେ ଯେଉଁ ବୈଠକରେ ତାହା ସ୍ଥିରକୃତ କରାଯିବ ।
୪. ପଞ୍ଚାୟତ ସମିତିକୁ ସର୍ବନିମ୍ନ ସ୍ଥିରୀକୃତ ମୂଲ୍ୟର ତାଲିକା ଗ୍ରାମପଞ୍ଚାୟତ ଗୁଡ଼ିକ ଦ୍ଵାରା ପ୍ରାପ୍ତି ହେବାପରେ ସମ୍ପୃକ୍ତ ଗ୍ରାମ ପଞ୍ଚାୟତ ଉକ୍ତ ଧାର୍ଯ୍ୟମୂଲ୍ୟର ତାଲିକାକୁ ଗ୍ରାମସଭା ମାଧ୍ୟମରେ ଅନୁମୋଦନ କିମ୍ବା ମୂଲ୍ୟ ପଞ୍ଚାୟତ ଜଳାକାର ଚାହିଦାକୁ ଧରି ପରିବର୍ତ୍ତନ କରିବା ପାଇଁ ନିର୍ଦ୍ଧାରଣ ମାଧ୍ୟମରେ ନିଷ୍ପତ୍ତି ନେବେ ଓ ସମ୍ପୃକ୍ତ ଗ୍ରାମସଭା ବୈଠକର ନିର୍ଦ୍ଧାରଣ ମାଧ୍ୟମରେ ନିଷ୍ପତ୍ତି ନେବେ ଓ ସମ୍ପୃକ୍ତ ଗ୍ରାମସଭା ମାଧ୍ୟମରେ ଅନୁମୋଦନ କିମ୍ବା ପଞ୍ଚାୟତ ଜଳାକାର ଚାହିଦାକୁ ଧରି ପରିବର୍ତ୍ତନ କରିବା ପାଇଁ ନିର୍ଦ୍ଧାରଣ ମାଧ୍ୟମରେ ନିଷ୍ପତ୍ତି ନେବେ ଓ ସମ୍ପୃକ୍ତ ଗ୍ରାମସଭା ବୈଠକର ନିର୍ଦ୍ଧାରଣର ନକଲ ସମସ୍ତ ଅଧିକାରୀମାନଙ୍କୁ ନିୟମ ୩(୨) କୁ ଆଧାର କରି ପ୍ରେରଣ କରିବେ ।
୪. ବିବରଣୀ ଉପଲକ୍ଷ୍ଠ:
୧. ଏହି ନିୟମାନୁସାରେ ଲଘୁ ବନଜାତ ଦ୍ରବ୍ୟ ବ୍ୟବସାୟ କରୁଥିବା ଓ ଗ୍ରାମ ପଞ୍ଚାୟତରେ ପଞ୍ଜିକୃତ ହୋଇଥିବା ବ୍ୟବସାୟୀ ପ୍ରତ୍ୟେକ ମାସରେ ଫର୍ମ '୩' (ନିର୍ଦ୍ଧାରିତ ଫର୍ମରେ) ଏକ ମାସିକ ଅଗ୍ରଗତି ବିବରଣୀ ସମ୍ପୃକ୍ତ ଗ୍ରାମପଞ୍ଚାୟତକୁ ପ୍ରଦାନ କରିବେ । ଏହାଛଡା ବର୍ଷ ଶେଷରେ (ଅକ୍ଟୋବରରୁ ଆଗମୀ ସେପ୍ଟେମ୍ବର ମାସ ପର୍ଯ୍ୟନ୍ତ) ଏକ ବାର୍ଷିକ ରିପୋର୍ଟ ମଧ୍ୟ ସମ୍ପୃକ୍ତ ଗ୍ରାମ ପଞ୍ଚାୟତରେ ଦାଖଲ କରିବେ ।
୨. ବାର୍ଷିକ ବିବରଣୀର ଏକ ନକଲ ବନବିଭାଗର ରେଞ୍ଜି ଅଫିସର ଓ ଗୋଷ୍ଠୀ ଉନ୍ନୟନ ଅଧିକାରୀଙ୍କ ଅବଗତ ନିମନ୍ତେ ମଧ୍ୟ ସମ୍ପୃକ୍ତ ବ୍ୟବସାୟୀ ପ୍ରେରଣ କରିବେ ।
୫. ୧. ଲଘୁ ବନଜାତ ଦ୍ରବ୍ୟ କାରବାର କରୁଥିବା ବ୍ୟବସାୟୀଙ୍କୁ ସର୍ବନିମ୍ନ ଧାର୍ଯ୍ୟମୂଲ୍ୟ ଦେବାରେ , ମାସିକ ଓ ବାର୍ଷିକ ବିବରଣୀ ଦେବାରେ ବିଫଳ ହେଲେ କିମ୍ବା ଏଥିରେ ଖୁଲାପ କଲେ, ସମ୍ପୃକ୍ତ ଗ୍ରାମ ପଞ୍ଚାୟତର ସରପଞ୍ଚି ଖୁଲାପକାରୀ ବ୍ୟବସାୟୀମାନଙ୍କୁ କାରଣ ଦର୍ଶାଅ ନୋଟିସ୍ ପ୍ରେରଣ କରିବେ ।
୨. କାରଣ ଦର୍ଶାଅ ନୋଟିସ୍ ପ୍ରାପ୍ତିର ୭ ଦିନ ମଧ୍ୟରେ ସମ୍ପୃକ୍ତ ବ୍ୟବସାୟୀ ଧାର୍ଯ୍ୟମୂଲ୍ୟ ପଞ୍ଚାୟତରେ ଦାଖଲ ନ କଲେ କିମ୍ବା ଆବଶ୍ୟକୀୟ ବିବରଣୀ ଦାଖଲ ନ କଲେ ସମ୍ପୃକ୍ତ ବ୍ୟବସାୟୀଙ୍କର ପଞ୍ଜିକରଣକୁ ରଦ୍ଦ କରିବା ଲାଗି ଗ୍ରାମ ପଞ୍ଚାୟତର

ନିର୍ଦ୍ଧାରଣ ମାଧ୍ୟମରେ ସରପଞ୍ଚ ପଦକ୍ଷେପ ନେଇ ପାରିବେ ଓ ନିର୍ଦ୍ଧାରଣ ନକଲ ସମ୍ପୂର୍ଣ୍ଣ ବ୍ୟବସାୟୀ, ଗୋଷ୍ଠୀ ଉନ୍ନୟନ ଅଧିକାରୀ , ପଞ୍ଚାୟତ ସମିତି ଅନ୍ତର୍ଗତ ବନବିଭାଗ ରେଞ୍ଜି ଅଫିସର, ଉପଜିଲ୍ଲାପାଳ, ଜିଲ୍ଲା ପଞ୍ଚାୟତ ଅଧିକାରୀ ଓ ଜିଲ୍ଲା ପଞ୍ଚାୟତ ଅଧିକାରୀ ଓ ଜିଲ୍ଲାପାଳଙ୍କ ଅବଗତ ଓ ବିହିତ କାର୍ଯ୍ୟାନୁଷ୍ଠାନ ନିମନ୍ତେ ଗ୍ରାମ ପଞ୍ଚାୟତ ପ୍ରେରଣ କରିବେ ।

୩. ବ୍ୟବସାୟୀଙ୍କ କୈଫିୟତକୁ ଆଧାର କରି ସରପଞ୍ଚ ଏକ ତଦନ୍ତ କରିବେ ଓ ଗ୍ରାମ ପଞ୍ଚାୟତ ଉଚ୍ଚ ତଦନ୍ତ ରିପୋର୍ଟ ଓ ବ୍ୟବସାୟୀଙ୍କ କୈଫିୟତ ବିବରଣୀରେ ଯଦି ସନ୍ତୁଷ୍ଟ ନ ହୁଅନ୍ତି, ତେବେ ପଞ୍ଜିକରଣକୁରଫ କରିବେ ଓ ପରବର୍ତ୍ତୀ ବର୍ଷ ପାଇଁ ମଧ୍ୟ ସମ୍ପୂର୍ଣ୍ଣ ବ୍ୟବସାୟୀଙ୍କୁ ପଞ୍ଜିକରଣରୁ ନିବୃତ୍ତ ପାଇଁ ପଦକ୍ଷେପ ନେବେ । ରିପୋର୍ଟ ଓ କୈଫିୟତରେ ଯଦି ସନ୍ତୁଷ୍ଟ ହୁଅନ୍ତି ତେବେ ବ୍ୟବସାୟୀଙ୍କୁ ପଞ୍ଜିକରଣ ନବୀକରଣ କରି ଲଗ୍‌ବନଜାତ ଦ୍ରବ୍ୟ ବ୍ୟବସାୟ ଚାଲୁ ରଖିବା ପାଇଁ ସୁଯୋଗ ଦେବେ ଓ ବକେୟା ଦେୟ ଦାଖଲ ପାଇଁ ବ୍ୟବସାୟୀଙ୍କୁ ସୁଯୋଗ ଦେବେ ।

୪. ବେଆଇନ୍ କାରବାର ବେଳେ ଲଗ୍ ବନଜାତ ଦ୍ରବ୍ୟ ଯଦି କୌଣସି ବ୍ୟବସାୟୀଙ୍କ ଠାରୁ ଜବତ ହୁଏ, ତେବେ ବିଭାଗୀୟ ବନାଧିକାରୀ ତାହା ସର୍ବସାଧାରଣ ନିଲାମ କରାଇ ବିକ୍ରୟ ପାଇଁ ବ୍ୟବସ୍ଥା କରିବେ ଓ ତାହାର ଲକ୍ଷ ଅର୍ଥ ଓଡିଶା ବନ ବିଭାଗ ଆଇନ୍ ଅନୁସାରେ ସମ୍ପୂର୍ଣ୍ଣ ଗ୍ରାମ ପଞ୍ଚାୟତକୁ ହସ୍ତାନ୍ତରିତ କରିବେ ।

୬. ଗ୍ରାମ ପଞ୍ଚାୟତ ଓ ବନ ବିଭାଗ ଦ୍ଵାରା ନିଆଯାଇଥିବା କାର୍ଯ୍ୟାନୁଷ୍ଠାନ ବିରୁଦ୍ଧରେ ଲଗ୍ ବନଜାତ ଦ୍ରବ୍ୟ ବ୍ୟବସାୟୀ ଜଣକ ଗ୍ରାମ ପଞ୍ଚାୟତ ଆଇନ୍ ୧୯୬୪ର ଧାରା ୧୩୩ ଅନୁଯାୟୀ ଅପିଲ୍ କରିପାରିବେ ।

୭. ସରକାରୀ ବନ ଉନ୍ନୟନ ନିଗମ, ଆଦିବାସୀ ଉନ୍ନୟନ ସହଯୋଗ ନିଗମ, ଆଦିବାସୀ ଉନ୍ନୟନ ସମବାୟ ସମିତି, ଭାରତୀୟ ଆଦିବାସୀ ଉନ୍ନୟନ ମହାସଂଘ ଲିଃ. ଭଳି ସଂସ୍ଥା ଗୁଡିକୁ ଏହି ନିୟମାବଳୀ ଅନୁସାରେ ପଞ୍ଜୀକୃତ ବୋଲି ଧରି ନିଆଯିବ ଏବଂ ଉପରୋକ୍ତ ସଂସ୍ଥା ଆବେଦନ ପତ୍ର ଦାଖଲ କିମ୍ବା ପଞ୍ଜୀକୃତ ଦେଇ ଜମା ଦେବାର ପ୍ରୟୋଜନ ନାହିଁ କିନ୍ତୁ ଧାର ୪,୫, ଓ ୬ ର ନିୟମ ସେମାନଙ୍କ ପାଇଁ ପ୍ରଯୁଜ୍ୟ ଅଟେ ।

୮. ଆଦେଶର ନିର୍ଗମନ:

ପରବର୍ତ୍ତୀ ପ୍ରୟୋଜନାନୁସାରେ ସରକାର ବିଭିନ୍ନ ସମୟରେ ନିମ୍ନଲିଖିତ ବିଷୟ ପ୍ରତି ଅନୁଦେଶ ନିର୍ଗମନ କରିପାରିବେ ।

(କ) ଏହି ନିୟମାବଳୀର ସଠିକ୍ ପ୍ରଚଳନ ଓ କାର୍ଯ୍ୟକାରୀତା ।

(ଖ) ନିୟମାବଳୀ କାର୍ଯ୍ୟକାରୀତା ସମୟରେ ଉପୁଜୁଥିବା ସନ୍ଦେହ କିମ୍ବା ଅସୁବିଧାର ସମାଧାନ ।

ଲଘୁ ବନଜାତ ଦ୍ରବ୍ୟ ଗୁଡ଼ିକର ତାଲିକା
(ନିୟମ ୨ (ଖ ଓ ଗ)
ବାର୍ଷିକ ସର୍ବନିମ୍ନ ସରକାରୀ ଧାର୍ଯ୍ୟ ମୂଲ୍ୟ

	ଦ୍ରବ୍ୟର ନାମ		ସରକାରୀ ଧାର୍ଯ୍ୟମୂଲ୍ୟ		ଦ୍ରବ୍ୟର ନାମ		ସରକାରୀ ଧାର୍ଯ୍ୟମୂଲ୍ୟ
୧.	ତେନ୍ତୁଳି ମଞ୍ଜି,ତେନ୍ତୁଳି	-	ଟ. ୨୦୦୦.୦୦	୩୫.	ତାଳ ମାଖନ ମଞ୍ଜି	-	ଟ. ୨୦୦.୦୦
୨.	ମହୁଲ ଫୁଲ	-	ଟ୦୦.୨୦୦୦ .	୩୬.	ବାଇତଳ ମଞ୍ଜି	-	ଟ୦୦.୨୦୦ .
୩.	ବାହୁନ	-	ଟ୦୦.୫୦୦ .	୩୭.	ବାଘନଖ ମଞ୍ଜି	-	ଟ୦୦.୨୦୦ .
୪.	କଣ୍ଠାଝାଡୁ	-	ଟ୦୦.୫୦୦ .	୩୮.	କମଳାଗୁଣ୍ଡି ଫଳ	-	ଟ. ୨୦୦୦୦.
୫.	ଫୁଲଝାଡୁ	-	ଟ୦୦.୧୦୦୦ .	୩୯.	ଲବଙ୍ଗ ଗୁଲ	-	ଟ୦୦.୨୦୦ .
୬.	ଘାସଝାଡୁ (ଛାଞ୍ଚୁଣୀ)	-	ଟ୦୦.୫୦୦ .	୪୦.	ବେଲ	-	ଟ୦୦.୨୦୦ .
୭.	କୋଚିଲା ମଞ୍ଜି	-	ଟ୦୦.୫୦୦ .	୪୧.	ଭୁଇଁନିମ	-	ଟ୦୦.୨୦୦ .
୮.	ହରିଡା	-	ଟ୦୦.୫୦୦ .	୪୨.	ଖଜୁରିପଚିଆ	-	ଟ. ୫୦୦.୦୦
୯.	ବାହାଡା	-	ଟ୦୦.୫୦୦ .	୪୩.	ରେହିଣି ଫଳ	-	ଟ. ୨୦୦.୦୦
୧୦.	ଅଁଳା	-	ଟ୦୦.୫୦୦ .	୪୪.	ଭୁରୁସୁଜା ପତ୍ର	-	ଟ. ୫୦୦.୦୦
୧୧.	ରିଠାଫଳ	-	ଟ୦୦.୫୦୦ .	୪୫.	ରାସ୍ନା	-	ଟ. ୨୦୦.୦୦
୧୨.	ଭାଲିଆ	-	ଟ୦୦.୫୦୦ .	୪୬.	ଫେରଫେଶା ଫଳ	-	ଟ. ୧୦୦.୦୦
୧୩.	ନିର୍ମଳ ବା କଚକ	-	ଟ୦୦.୨୦୦ .	୪୭.	ସିଦ୍ଧଫଳ	-	ଟ୦୦.୧୦୦ .
୧୪.	ମହୁ	-	ଟ୦୦.୫୦୦ .	୪୮.	ଶତାବରି	-	ଟ୦୦.୨୦୦ .
୧୫.	ସିଆଳି ପତ୍ର	-	ଟ୦୦.୨୦୦ .	୪୯.	କାଠଲଇ	-	ଟ୦୦.୧୦୦ .
୧୬.	ସବାଇ ଘାସ	-	ଟ୦୦.୫୦୦ .	୫୦.	ଅତୁଣ୍ଡିଲଇ	-	ଟ୦୦.୧୦୦ .
୧୭.	ଆମ୍ବ କୋଇଲି	-	ଟ୦୦.୨୦୦ .	୫୧.	ଖେଲୁଆଲଇ	-	ଟ. ୧୦୦.୦୦
୧୮.	ଖଡ଼ ଘାସ	-	ଟ୦୦.୨୦୦ .	୫୨.	ହଂସଲତା	-	ଟ. ୧୦୦.୦୦
୧୯.	ସିମୁଳି ତୁଳା	-	ଟ୦୦.୫୦୦ .	୫୩.	ଏକଶିରା ଫଳ	-	ଟ. ୨୦୦.୦୦
୨୦.	ପାଲୁଅ	-	ଟ୦୦.୧୦୦୦ .	୫୪.	କାଠ ଛତୁ	-	ଟ. ୫୦୦.୦୦
୨୧.	ଧାତୁକି ଫୁଲ	-	ଟ୦୦.୨୦୦ .	୫୫.	ସପ / ମସିଣା ଘାସ	-	ଟ. ୫୦୦.୦୦
୨୨.	ପୁତ୍ରଣି	-	ଟ୦୦.୨୦୦ .	୫୬.	ଅନନ୍ତମୂଳା (ସୁଗନ୍ଧା)	-	ଟ. ୨୦୦.୦୦
୨୩.	ସିକାକାଇ	-	ଟ୦୦.୨୦୦ .	୫୭.	ଅଣ୍ଡିଆ ପଚ	-	ଟ. ୧୦୦.୦୦
୨୪.	ଜଙ୍ଗଲ ଜଡା ବା ଗବ	-	ଟ୦୦.୨୦୦ .	୫୮.	ନାଗେଶ୍ୱର ଫୁଲ	-	ଟ. ୨୦୦.୦୦
୨୫.	ପଳାସ ମଞ୍ଜି	-	ଟ୦୦.୨୦୦ .	୫୯.	ମାଙ୍କଡ଼ କେନ୍ଦୁ	-	ଟ. ୨୦୦.୦୦
୨୬.	ସିଆଳି ମଞ୍ଜି	-	ଟ୦୦.୨୦୦ .	୬୦.	ଅତୁଣ୍ଡି ଫଳ	-	ଟ. ୧୦୦.୦୦
୨୭.	ଇନ୍ଦ୍ରଜବା	-	ଟ୦୦.୧୦୦ .	୬୧.	ମହୁଲ ମଞ୍ଜି	-	ଟ. ୧୦୦୦.୦୦
୨୮.	ଗିଲ (ମଞ୍ଜି ଓ ଚୋପା	-	ଟ୦୦.୨୦୦ .	୬୨.	କୁସୁମ ମଞ୍ଜି	-	ଟ. ୨୦୦.୦୦
୨୯.	ବେଶାଚେର	-	ଟ୦୦.୨୦୦ .	୬୩.	କରଞ୍ଜ ମଞ୍ଜି	-	ଟ. ୨୦୦.୦୦
୩୦.	ବଣହଳଦି	-	ଟ୦୦.୨୦୦ .	୬୪.	ନିମ ମଞ୍ଜି	-	ଟ. ୨୦୦.୦୦
୩୧.	ବଣକୋଳଧି	-	ଟ୦୦.୨୦୦ .	୬୫.	ଚାର ମଞ୍ଜି	-	ଟ. ୨୦୦.୦୦
୩୨.	ଗବ	-	ଟ୦୦.୨୦୦ .	୬୬.	ଚାକୁଣା ମଞ୍ଜି	-	ଟ. ୨୦୦.୦୦
୩୩.	ତୁଳସି	-	ଟ୦୦.୨୦୦ .	୬୭.	ବଗୁଲ ମଞ୍ଜି	-	ଟ. ୨୦୦.୦୦
୩୪.	କାନ୍ତପଦ୍ମ	-	ଟ୦୦.୨୦୦ .	୬୮.	ବାଇବିରଙ୍ଗ ମଞ୍ଜି	-	ଟ. ୨୦୦.୦୦
				୬୯.	ଶାଳମଞ୍ଜି	-	ଟ. ୫୦୦.୦୦

ପଞ୍ଚାୟତ୍ତିରାଜ (ଗ୍ରାମ ପଞ୍ଚାୟତ) ବିଭାଗ
ଓଡ଼ିଶା ସରକାରଭୁବନେଶ୍ୱର ,
ଫର୍ମ ୧ –
(ପଞ୍ଜିକରଣ ନିମନ୍ତେ ଆବେଦନ ପତ୍ର)

ପ୍ରାପ୍ତେଷୁ :

ସରପଞ୍ଚ,

..... ଗ୍ରାମପଞ୍ଚାୟତ

ବିଷୟ : ଲଘୁବନଜାତ ଦ୍ରବ୍ୟ ବ୍ୟବସାୟ କରିବା ପାଇଁ ପଞ୍ଜିକରଣ ନିମନ୍ତେ ଆବେଦନ ପତ୍ର ।

ମହାଶୟ,

ମୁଁ ଶ୍ରୀ....., ସା/ପୋ

..... ନିମ୍ନ ଲଘୁବନଜାତ ଦ୍ରବ୍ୟରେ ବ୍ୟବସାୟ କରିବା ପାଇଁ ଗ୍ରାମ

ପଞ୍ଚାୟତ ପଞ୍ଜିକରଣ ନିମନ୍ତେ ଆବେଦନ କରୁଅଛି ।

୧. ବ୍ୟବସାୟ ପ୍ରତିଷ୍ଠାନର ନାମ ଓ ଠିକଣା :
୨. ବ୍ୟବସାୟ ପ୍ରତିଷ୍ଠାନ ସହ ଆବେଦନକାରୀଙ୍କ ସମ୍ପର୍କ :
୩. ଆବେଦନକାରୀଙ୍କ ନାମ / ପିତାଙ୍କ ନାମ / ସ୍ତ୍ରୀଙ୍କ ଠିକଣା :
୪. କେଉଁ ବନଜାତ ଦ୍ରବ୍ୟରେ ବ୍ୟବସାୟ କରିବାକୁ ଚାହାନ୍ତି :
୫. ବ୍ୟବସାୟର ପ୍ରକାର : ଖୁରୁରା / ଥୋକ୍ ବା ଉଭୟ :
୬. ପଞ୍ଜିକରଣ ନିମନ୍ତେ ଜମା କରାଯାଇଥିବା ଟଙ୍କାର ପରିମାଣ ଏବଂ ରସିଦ୍ ନଂ ଓ ତାରିଖ :
୭. କେଉଁ ସଂଗ୍ରହ ବର୍ଷ ପାଇଁ ପଞ୍ଜିକରଣ କରାଯିବ :
୮. ଲଘୁବନଜାତ ଦ୍ରବ୍ୟ ରଖାଯିବା ଯାଗା ବା ସ୍ଥାନର ବିବରଣୀ :

ପଞ୍ଚାୟତ୍‌ରାଜ (ଗ୍ରାମ ପଞ୍ଚାୟତ) ବିଭାଗ

ଓଡ଼ିଶା ସରକାରଭୁବନେଶ୍ୱର ,

(ଘୋଷଣା ନାମା)

ମୁଁ ଏତଦ୍ୱାରା ଘୋଷଣା କରୁଅଛି ଯେ.....

- ୧. ସରକାରଙ୍କ ଦ୍ୱାରା ନିର୍ଦ୍ଧାରିତ ଲଘୁବନଜାତ ଦ୍ରବ୍ୟ ସଂପର୍କୀୟ ସମସ୍ତ ନୀତି ନିୟମକୁ ପାଳନ କରୁବୁ ।
- ୨. ମୁଁ ଅଙ୍ଗୀକାର କରୁଅଛି ଯେଗ୍ରାମପଞ୍ଚାୟତ ଦ୍ୱାରା ଧାର୍ଯ୍ୟ ପଞ୍ଜିକୃତ ଦେୟ ଅନ୍ୟାନ୍ୟ ଦେୟ ଦେବାରେ ମୁଁ ଖୁଲାସ କରିବି ନାହିଁ । , ଯଦି କୈଣସି କାରଣରୁ ଏହିଉପରୋକ୍ତ ଦେୟ ଦେବାରେ ମୁଁ ଅସଫଳ ହୁଏ ତେବେ ଉକ୍ତ ଦେୟକୁ ବକେୟା ଭୂରାଜସ୍ୱ ଭାବେ ଧରି ନିଆଯାଇ ସରକାରୀ ପାଉଣା ଆସଲି ଆଇନ୍)OPDR Act.) ର ବ୍ୟବସ୍ଥା ଅନୁଯାୟୀ ଆଦାୟ ଯୋଗ୍ୟ ହେବା ପାଇଁ ସହମତି ପ୍ରଦାନ କରୁଅଛି ।
- ୩. ଏବଂ ଉପର ବର୍ଣ୍ଣିତ ସମସ୍ତ ତଥ୍ୟ ମୋ ଜ୍ଞାତମତେ ସତ୍ୟ ଅଟେ ।

ଆପଙ୍କର ବିଶ୍ୱସ୍ତ

ଆବେଦନକରୀଙ୍କର ସ୍ୱାକ୍ଷର

ପଞ୍ଜିକରଣ ନିମନ୍ତେ ଗ୍ରାମପଞ୍ଚାୟତର ରସିଦ୍ ସଂଖ୍ୟା..... ତା ରେ ଚ (ଅକ୍ଷରରେ) ବୁଝିପାଇଲି ।

ନିର୍ବାହି ଅଧିକାରୀ

ଗ୍ରାମପଞ୍ଚାୟତ

ଆଦେଶ

ଦରଖାସ୍ତ ପଞ୍ଚାୟତର ପରବର୍ତ୍ତୀ ବୈଠକରେ ଉପସ୍ଥାପନ କରାଯାଉ ।

ସରପଞ୍ଚ

..... ଗ୍ରାମପଞ୍ଚାୟତ

ପଞ୍ଚାୟତ୍ତିରାଜ (ଗ୍ରାମପଞ୍ଚାୟତ) ବିଭାଗ
ଓଡ଼ିଶା ସରକାର, ଭୁବନେଶ୍ୱର
ଫର୍ମ - ୨
(ପଞ୍ଜିକରଣ ନିମନ୍ତେ ପ୍ରମାଣପତ୍ର)

.....ଗ୍ରାମପଞ୍ଚାୟତ ଲଘୁବନଜାତ ଦ୍ରବ୍ୟର ବ୍ୟବସାୟ ନିମନ୍ତେ ପଞ୍ଜିକରଣ ପ୍ରମାଣପତ୍ର।
 ଶ୍ରୀ.....କୁ ନିମ୍ନ ଲଘୁବନଜାତ ଦ୍ରବ୍ୟରେ ବ୍ୟବସାୟ କରିବାପାଇଁ
 ସଂଗ୍ରହ ବର୍ଷ ନିମନ୍ତେ ପଞ୍ଜିକରଣ କରାଗଲା ।

ପଞ୍ଜିକରଣ ସଂଖ୍ୟା

ସଂଗ୍ରହ ବର୍ଷ

ଲଘୁବନଜାତ ଦ୍ରବ୍ୟର ବିବରଣୀ :

(କ)

(ଖ)

(ଗ)

(ଘ)

ନିର୍ବାହୀ ଅଧିକାରୀ

..... ଗ୍ରାମପଞ୍ଚାୟତ

ସରପଞ୍ଚ

..... ଗ୍ରାମପଞ୍ଚାୟତ

ନବୀକରଣ ସର୍ତ୍ତାବଳୀ

ନବୀକରଣ ତାରିଖ	କେଉଁ ସଂଗ୍ରହ ବର୍ଷପାଇଁ ନବୀକରଣ କରାଗଲା	ସରପଞ୍ଚଙ୍କ ସ୍ୱାକ୍ଷର	ନିର୍ବାହୀ ଅଧିକାରୀଙ୍କ ସ୍ୱାକ୍ଷର
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ସର୍ତ୍ତାବଳୀ

୧. ପଞ୍ଜିକୃତ ଲଘୁବନଜାତ ଦ୍ରବ୍ୟ କେବଳ ରାଜ୍ୟ ସରକାରଙ୍କ ଦ୍ୱାରା ନିର୍ଦ୍ଧାରିତ ଦରରେ ପ୍ରାଥମିକ ସଂଗ୍ରହକାରୀମାନଙ୍କ ଠାରୁ ହିଁ କ୍ରୟ କରାଯିବ ।
୨. ପଞ୍ଜିକୃତ ବ୍ୟବସାୟୀ ବା ବ୍ୟକ୍ତି ପ୍ରାଥମିକ ସଂଗ୍ରହକାରୀମାନଙ୍କଠାରୁ ଲଘୁବନଜାତ ଦ୍ରବ୍ୟ କ୍ରୟ କଲାବେଳେ ଓଜନରେ ଠକିବେ ନାହିଁ ଏବଂ କ୍ରୟ କରିବା ସମୟରେ ସମସ୍ତ ମୂଲ୍ୟ ଏକକାଳୀନ ପ୍ରଦାନ କରିବେ ।
୩. ପଞ୍ଜିକୃତ ବ୍ୟକ୍ତି ବା ବ୍ୟବସାୟୀ ନିର୍ଦ୍ଧାରିତ ଫର୍ମରେ ପ୍ରତି ମାସରେ ଫରେଷ୍ଟ ରେଞ୍ଜ୍ ଅଫିସର ଓ ଗ୍ରାମପଞ୍ଚାୟତଠାରେ ଏକ ରିଟର୍ନ ଦାଖଲ କରିବେ ।
୪. ଉତ୍ତମ ଜଙ୍ଗଲର କାଟଛାଟ ବ୍ୟବସ୍ଥା ପ୍ରତି ହସ୍ତକ୍ଷେପ କରିବେ ନାହିଁ ଏବଂ ଉଚ୍ଚ ବ୍ୟବସ୍ଥା ପ୍ରତି କ୍ଷତି କଲାଭଳି ପଦକ୍ଷେପ ନେବେ ନାହିଁ ।

ଫର୍ମ ସଂଖ୍ୟା – ୩
(ନିୟମ ୪ (୧) ଦେଖ)
ମାସିକ/ବାର୍ଷିକ ରିପୋର୍ଟ
ମାସ/ବ୍ୟାପାର ବର୍ଷ

ବ୍ୟବସାୟୀଙ୍କ ନାମ ପଞ୍ଜିକରଣ ସଂଖ୍ୟା

ଗ୍ରାମପଞ୍ଚାୟତର ନାମ ଜିଲ୍ଲା

ପଞ୍ଚାୟତ ସମିତିର ନାମ.....

କ୍ର.ସଂ.	ଲଘୁବନଜାତ ଦ୍ରବ୍ୟର ପ୍ରକାର	ପ୍ରାରମ୍ଭିକ ପରିମାଣ କି.ଗ୍ରାରେ	ମାସ ମଧ୍ୟରେ ସଂଗ୍ରହ କରାଯାଇଥିବା ପରିମାଣ ବ୍ୟାପାର ବର୍ଷ	ମୋଟ କି.ଗ୍ରାରେ	ପ୍ରଦତ୍ତ ମୂଲ୍ୟ	ଏହି ସମୟରେ ବିକ୍ରୟ କିମ୍ବା ଅନ୍ୟତ୍ର ପଠାଯାଇଥିବା ପରିମାଣ	ରିପୋର୍ଟ ସମୟ ଶେଷ ବେଳକୁ ବଳକା
୧	୨	୩	୪	୫	୬	୭	୮

ଘୋଷଣା : ମୁଁ ଘୋଷଣା କରୁଅଛି ଯେ ଉପରୋକ୍ତ ସୂଚନା ମୋ ଜାଣିବାରେ ସତ୍ୟ ଓ ଠିକ୍ ଅଟେ ।

ବ୍ୟବସାୟୀଙ୍କ ସ୍ୱାକ୍ଷର

ସଂଖ୍ୟା ୧୮୧୯୩-ଗ୍ରା.ପ.
ରାଜ୍ୟପାଳଙ୍କ ଆବେଶାନୁକ୍ରମେ
ଡି.ପି.ଦାସ
ନିର୍ଦ୍ଦେଶକ

ଓଡ଼ିଶା ସରକାର
ପଞ୍ଚାୟତ୍ତିରାଜ ବିଭାଗ

ସଂଖ୍ୟା-17-PADM-19-4793- 7427/PR DT. 30.04.2016

ଶୁଦ୍ଧିପତ୍ର

ଓଡ଼ିଶା ଅସାଧାରଣ ଗେଜେଟ୍ ସଂଖ୍ୟା ୨୩୮ ତା-୦୧.୦୨.୨୦୧୬ରେ ପ୍ରକାଶିତ ପଞ୍ଚାୟତ୍ତିରାଜ ବିଭାଗ ଅଧିସୂଚନା ସଂ-17-PADM-19-18193/PR., Dt. 16.11.2015 ଅନ୍ତର୍ଭୁକ୍ତ ନିମନ୍ତେ ଦର୍ଶାଯାଇଥିବା ପୃଷ୍ଠାର ଶୀର୍ଷକ ସ୍ତମ୍ଭ-୩ ଅନ୍ତର୍ଗତ ମୁଦ୍ରଣ ଜନିତ ତ୍ରୁଟିକୁ ନିମ୍ନପ୍ରକାରେ ସଂଶୋଧନ ପୂର୍ବକ ପାଠ କରାଯାଉ ।

ଗେଜେଟ୍ ପୃଷ୍ଠା ସଂଖ୍ୟା	ସ୍ତମ୍ଭ ୩ରେ ଥିବା ମୁଦ୍ରଣ ଜନିତ ତ୍ରୁଟି	ପାଠ କରାଯାଉ
୪	ସରକାରୀ ଧାର୍ଯ୍ୟ ମୂଲ୍ୟ	ପଞ୍ଜିକରଣ ପାଇଁ ଧାର୍ଯ୍ୟ ରାଶି

ସ୍ୱା/- (ଦେବେନ୍ଦ୍ର ପ୍ରସାଦ ଦାସ)
ନିର୍ଦ୍ଦେଶକ

ପତ୍ର ସଂଖ୍ୟା – ୭୪୨୮/ପ.ରା. ତା.୩୦.୦୪.୨୦୧୬

ଏହାର ଏକକିତା ନକଲ ନିର୍ଦ୍ଦେଶକ, ଓଡ଼ିଶା ସରକାରୀ ମୁଦ୍ରଣାଳୟ, ମଧୁପାଟଣା, କଟକ-୩ଙ୍କ ଅବଗତି ଓ ବିହିତ କାର୍ଯ୍ୟାନୁଷ୍ଠାନ ନିମନ୍ତେ ପ୍ରେରଣ କରାଗଲା ।

ଏଥି ସହିତ ପ୍ରକାଶିତ ଶୁଦ୍ଧିପତ୍ର ୫୦ଟି ନକଲ ଏହି ବିଭାଗକୁ ପଠାଇବା ନିମନ୍ତେ ଅନୁରୋଧ କରାଗଲା ।

ସ୍ୱା/- (ଦେବେନ୍ଦ୍ର ପ୍ରସାଦ ଦାସ)
ନିର୍ଦ୍ଦେଶକ

ପତ୍ର ସଂଖ୍ୟା – ୭୪୨୯/ପ.ରା. ତା.୩୦.୦୪.୨୦୧୬

ଏହାର ଏକକିତା ନକଲ ସମସ୍ତ ଜିଲ୍ଲାପାଳ/ଜିଲ୍ଲା ପଞ୍ଚାୟତ ଅଧିକାରୀ/ଗୋଷ୍ଠି ଉନ୍ନୟନ ଅଧିକାରୀ/ ସମସ୍ତ ଜିଲ୍ଲା ଜଙ୍ଗଲ ଅଧିକାରୀ (DFO) କୁ ଅବଗତି ଓ ବିହିତ କାର୍ଯ୍ୟାନୁଷ୍ଠାନ ନିମନ୍ତେ ପ୍ରେରଣ କରାଗଲା ଓ ସମସ୍ତ ଜିଲ୍ଲାପାଳଙ୍କୁ ଅନୁରୋଧ କରାଗଲା କି ଏହି ଆଦେଶନାମାର ଏକକିତା ନକଲ ନିଜ ନିଜ ଜିଲ୍ଲାର ସମସ୍ତ ଗ୍ରାମ ପଞ୍ଚାୟତ ଗୁଡ଼ିକର ଅବଗତି ନିମନ୍ତେ ପ୍ରେରଣ କରିବେ ।

ସ୍ୱା/- (ଦେବେନ୍ଦ୍ର ପ୍ରସାଦ ଦାସ)
ନିର୍ଦ୍ଦେଶକ

ପତ୍ର ସଂଖ୍ୟା – ୭୪୨୯/ପ.ରା. ତା.୩୦.୦୪.୨୦୧୬

ଏହାର ଏକକିତା ନକଲ ଜଙ୍ଗଲ ଓ ପରିବେଶ ବିଭାଗ/ଆଦିବାସୀ ଓ ହରିଜନ କଲ୍ୟାଣ ବିଭାଗର ଅବଗତି ଓ ବିହିତ କାର୍ଯ୍ୟାନୁଷ୍ଠାନ ନିମନ୍ତେ ପ୍ରେରଣ କରାଗଲା ।

ସ୍ୱା/- (ଦେବେନ୍ଦ୍ର ପ୍ରସାଦ ଦାସ)
ନିର୍ଦ୍ଦେଶକ

ପତ୍ର ସଂଖ୍ୟା – ୭୪୨୯/ପ.ରା. ତା.୩୦.୦୪.୨୦୧୬

ଏହାର ଏକକିତା ନକଲ ନିର୍ଦ୍ଦେଶକ, ସୂଚନା ଓ ଲୋକ ସଂପର୍କ ବିଭାଗକୁ ପ୍ରେରଣ କରାଗଲା । ଏହା ସମସ୍ତ ଖବର କାଗଜ ମାନଙ୍କରେ ସାଧାରଣ ଜନତାଙ୍କ ଅବଗତି ନିମନ୍ତେ ପ୍ରକାଶ କରାଗଲା ।

ସ୍ୱା/- (ଦେବେନ୍ଦ୍ର ପ୍ରସାଦ ଦାସ)
ନିର୍ଦ୍ଦେଶକ

LIST OF ABBREVIATIONS

AG	Accountant General
AIILSG	All Institute of Local Self Government
ANM	Auxiliary Nurse Midwife
AMRUT	Atal Mission for Rejuvenation and Urban Transformation
ATR	Action Taken Report
BDO	Block Development Officer
BMC	Bhubaneswar Municipal Corporation
BRGF	Backward Region Grant Fund
C & AG	Comptroller and Auditor General
CA	Chartered Accountant
CC	Cement Concrete
CFC	Central Finance Commission
CFL	Compact Fluorescent Lamp
CMC	Cuttack Municipal Corporation
CPCB	Central Pollution Control Board
CPO	Collaborative Partner Organisation
CGST	Central Goods and Service Tax
DA	Daily Allowance
DM	District Magistrate
DPO	District Panchayat Officer
DPR	Detailed Project Report
DRDA	District Rural Development Agency
DUDA	District Urban Development Agency
EIC	Engineer in Chief
ELI	Ease of Living Index
EO	Executive Officer
ETC	Extension Training Centre
FRBM	Fiscal Responsibility and Budget Management
GGY	Gopabandhu Gramina Yojana

GOI	Government of India
GP	Gram Panchayat
GPDP	Gram Panchayat Development Plan
GPS	Global Positioning System
GPTA	Gram Panchayat Technical Assistant
GSDP	Gross State Domestic Product
GST	Goods and Service Tax
H & FW	Health & Family Welfare
H & UD	Housing & Urban Development
HPEC	High Powered Expert Committee
HRIDAY	Heritage Development and Augmentation Yojana
IAY	Indira Awas Yojana
IGST	Integrated Goods and Service Tax
ILW	Inspector of Local Works
IT	Information Technology
ITDA	Integrated Tribal Development Agency
KL	Kendu Leaf
LBs	Local Bodies
LFS	Local Fund Service
LPCD	Litre per capita per day
LSG	Local Self Government
MFP	Minor Forest Produce
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MIS	Management Information System
MOUD	Ministry of Urban Development
NAC	Notified Area Council
NDMA	National Disaster Management Authority
NGO	Non-Government Organisation
NHM	National Health Mission

NRW	Non-Revenue Water
O & M	Operation and Maintenance
ODF	Open Defection Free
ODR	Other District Roads
OFDC	Odisha Forest Development Corporation
OMC Act	Odisha Municipal Corporation Act
OPEPA	Odisha Primary Education Programme Authority
OREDA	Odisha Renewable Energy Development Agency
OSR	Own Source of Revenue
OT & AS	Odisha Taxation and Accounts Service
OUIDF	Odisha Urban Infrastructure Development Fund
OWSSB	Odisha Water Supply & Sanitation Board
PA	Personal Assistant
PDS	Public Distribution System
PEAIS	Panchayat Empowerment and Accountability Incentive Scheme
PH	Public Health
PHEO	Public Health Engineering Organisations
PPCP	Public Private Community Partnership
PR	Panchayati Raj
PRIs	Panchayati Raj Institutions
PS	Panchayat Samiti
PVTG	Particularly Vulnerable Tribal Group
PWD	Public Works Department
RE	Revised Estimate
RLB	Rural Local Bodies
RMC	Regulated Marketing Committee
RWS & S	Rural Water Supply & Sanitation
SBM	Swochha Bharat Mission
SDPO	Sub Divisional Panchayat Officer

SEM	Self Employed Mechanic
SFC	State Finance Commission
SGRY	Sampurna Gram Swarojagar Yojana
SGST	State Goods and Service Tax
SHG	Self Help Group
SIRD & PR	State Institute for Rural Development & Panchayati Raj
SONTR	State own Tax Revenue
SSEPD	Social Security and Empowerment of Persons with Disabilities
ST & SC	Schedule Tribe & Schedule Caste
SUDA	State Urban Development Agency
SWM	Solid Waste Management
TA	Travelling Allowance
ToR	Terms of Reference
TSP	Tribal Sub Plan
ULBs	Urban Local Bodies
UNNATI	Urban Transformation Initiative
VAT	Value Added Tax
W & CD	Women & Child Development
ZP	Zilla Parishad

List of Officials who assisted the Commission

Sl. No.	Name	Designation
1	Sri Pradipta Kumar Biswal	Section Officer
2	Sri Nirakar Dash	Pr. Private Secretary to Chairman
3	Sri Trinath Barik	Superintendent, Level-II
4	Sri Deep Ranjan Bisoyee	Asst. Section Officer
5	Sri Biswajit Mohanty	Asst. Data Processing Officer
6	Sri Uma Kanta Mohapatra	Superintendent, Level-I
7	Sri Bhaskar Nayak	Superintendent, Level-I
8	Sri Braja Kishore Moharana	Superintendent, Level-II
9	Sri Nityananda Moharana	Superintendent, Level-II
10	Sri Amiya Ranjan Mohanty	Sr. Data Entry Operator
11	Smt. Sucheta Routray	Asst. Data Processing Officer
12	Sri Ranjan Kumar Nanda	Sr. Gr. Diarist
13	Sri Prakash Panda	Peon
14	Sri Basudev Bhol	Peon
15	Sri Sarat Kumar Rout	Peon (Attached to Chairman)
16	Sri Rama Chandra Nayak	Peon (Attached to Chairman)
17	Sri Biswanath Mohapatra	Peon (Attached to Member)
18	Sri Krupasindhu Barik	Peon (Attached to Member)
19	Sri Harihar Mallik	Peon (Attached to Member)
20	Sri Biswanath Routray	Driver (hired vehicle)
21	Sri Rashmi Kanta Parida	Driver (hired vehicle)
22	Sri Binaya Ketan Pradhan	Driver (hired vehicle)
23	Sri Chitta Ranjan Baral	Driver (hired vehicle)
24	Sri Sanjay Kumar Rout	Watchman-cum-key peon

